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The Board of Directors (BoD) Configuration and Corporate Social Responsibility (CSR) Disclosure: Evidence from Emerging Markets

Master's Thesis by the 2nd year student

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ЗАЯВЛЕНИЕ О САМОСТОЯТЕЛЬНОМ ХАРАКТЕРЕ ВЫПУСКНОЙ КВАЛИФИКАЦИОННОЙ РАБОТЫ

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АННОТАЦИЯ

Автор	Папасова Вера Михайловна
Название ВКР	Конфигурация совета директоров и раскрытие информации о корпоративной социальной ответственности: опыт развивающихся рынков
Образовательная программа	Менеджмент
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Научный руководитель	Арай Юлия Николаевна
Описание цели, задач и основных результатов	Цель данной работы – исследовать конфигурации советов директоров и их влияние на раскрытие компаниями информации о КСО и выявить конфигурации членов советов директоров, которые оказывают наиболее сильное влияние на показатели раскрытия информации о КСО. Для достижения поставленной цели, обозначены следующие задачи: 1. Исследовать текущую ситуацию в сфере раскрытия информации о КСО в развивающихся рынках. 2. Выявить теоретические основы взаимосвязи между характеристиками совета директоров и раскрытием информации о КСО. 3. Сравнить влияние различных комбинаций характеристик советов директоров на раскрытие информации о КСО и выявить из них те, , которые оказывают наиболее сильное влияние на показатели раскрытия информации о КСО. 4. На основе полученных результатов разработать рекомендации о конфигурациях состава советов директоров, направленных на усиление раскрытия информации о КСО в развивающихся рынках. В результате исследования были выявлены конфигурации советов директоров, которые оказывают наиболее сильное влияние на раскрытие компаниями информации о КСО. Было установлено, что положительный эффект достигается путем внедрения в совет директоров большего количества участников, совместно с директорами, имеющими опыт либо в управлении в других компаниях, либо в занятии должности участника совета директоров других компаний, а также при увеличении количества независимых директоров в совете.
Ключевые слова	Корпоративное управление, совет директоров, корпоративная социальная ответственность (КСО), раскрытие информации

ABSTRACT

Master Student's Name	Vera M. Papasova
Master Thesis Title	The Board of Directors (BoD) Configuration and Corporate Social Responsibility (CSR) Disclosure: Evidence from Emerging Markets
Educational Program	Master in Management
Main field of study	Management
Year	2021
Academic Advisor’s Name	Yulia N. Aray
Description of the goal, tasks and main results	Research goal of this master thesis is to investigate the BoD configurations with their influence on CSR disclosure and reveal the BoD configurations that have the strongest influence on the CSR disclosure level. In order to reach this goal, following tasks are set: 1. To investigate current situation on CSR disclosure in the emerging markets. 2. To reveal the theoretical background of interconnection between BoDs' characteristics and disclosure of CSR information. 3. To compare the influence of various BoDs' characteristics combinations on the disclosure of CSR information and reveal those of them that have the strongest influence on the CSR disclosure level. 4. To come up with the recommendations about BoD configurations that lead to the strengthening of CSR disclosure level in emerging markets, basing on the results gathered. Results of this investigation allowed to reveal those BoDs configurations that have the strongest influence on the CSR disclosure level. It was observed that positive impact is achievable in case when the board size is increased, together with including to the board those members that have experience in either being members of BoDs in other companies or having managerial positions in other companies, as well as including more independent members on board.
Keywords	Corporate governance (CG), board of directors (BoDs), corporate social responsibility (CSR), disclosure

CONTENTS

INTRODUCTION

Nowadays, due to globalization processes, many countries faced with a necessity to overcome a lot of new issues: not only legal and economic, but also environmental and social. Such problems as overpopulation with overconsumption, deforestation and air pollution has been recently becoming more and more urgent. The pandemic situation started from spring 2020 also attracts attention of people to the problems which may occur any time and to understanding how much it is important to be able to operationalize country and business activity in the proper way in order to help citizens and customers feel safe. It is now common knowledge that all organizations should be involved in global problems solving and correct their strategies according to that. Lack of well-managed practices in the field of sustainable development undermines business models and jeopardizes companies' finances and reputation.

At the same time, one can notice the upcoming trend of transparency in business: not only in relation to the companies' shareholders, but also to its stakeholders, one of the most important out of which is the clients. Therefore, we may see that Corporate Social Responsibility (CSR) grows in its importance for the business. CSR includes a broad range of issues, such as working conditions, human rights, the environment, preventing corruption, gender equality, consumer interests and others. In order to be able to address them, a progressive internal environmental management system based on high standards should be implemented. The mechanism of CSR implementation allows companies to claim about their core activities, increase customer's trust and loyalty and to increase dialogue between company and its stakeholders.

As far as CSR plays a vital role in a company's strategy, this is directly related to the Corporate Governance (CG) which should implement striving towards transparency and balanced ratio of control and management. Supervision of the Board of Directors (BoD), therefore, plays a large role in the strategic development of the company. So, modern trends and the way how companies respond to the problems explain the relevance of this particular research work.

Coming closer to the scope of the research, the main investigation of this master thesis will be connected with the configuration of the Board of Directors (BoD) and its relation to the CSR disclosure processes and decisions related to that. The choice of this particular field of the research can be explained by the fact that CSR issues are becoming more and more urgent nowadays, and there is also an increasing influence of the BoD on the CSR of the company (Nelson, 2001). It is important that though there are a lot of studies investigating the characteristics of the board, there are almost no works, no matter what their authors' origin is, which would study configuration of the BoD as a whole and its overall influence on the CSR disclosure. Therefore, this research is going to be new and relevant not only for the academic purposes, but also for real companies from all over the world, especially if certain common patterns will be revealed which, in its turn, can help businesses to understand how to organize its BoD in order to enhance CSR disclosure.

So, the **research gap** stems from the fact that for now there is a limited number of studies that analyze overall BoD configuration influencing CSR disclosure. There is one significant limitation as this research is focused and based on the data about Russian market, but the gap is wider because such investigations were not previously conducted on the international level. Moreover, experience from Russia can be very beneficial for other countries with emerging economies.

Research goal of this master thesis is to investigate the BoD configurations with their influence on CSR disclosure and reveal the BoD configurations that have the strongest influence on the CSR disclosure level.

Therefore, the **research question** is: How do the configurations of the BoD influence company’s disclosing CSR information?

In order to reach this goal, several **objectives** are to be achieved which are the following:

1. To investigate current situation on CSR disclosure in the emerging markets.
2. To reveal the theoretical background of interconnection between BoDs' characteristics and disclosure of CSR information.
3. To compare the influence of various BoDs' characteristics combinations on the disclosure of CSR information and reveal those of them that have the strongest influence on the CSR disclosure level.
4. To come up with the recommendations about BoD configurations that lead to the strengthening of CSR disclosure level in emerging markets, basing on the results gathered.

The results of this work will enhance understanding of the relationship between the BoD and CSR disclosure. From the point of view of the managerial implications, the corporate sector will be able to know relevant and up-to-date information on how to allocate board members in the most appropriate way.

CHAPTER 1. THEORETICAL FOUNDATIONS OF CSR AND BOD RESEARCH

1.1 Concepts of CSR and CSR disclosure

To begin with, one should understand what CSR is and how it is connected with companies' boards of directors. The concept of CSR encompasses the balance between economic, social and environmental goals of a company, or, in other words, the concept of 3Ps which are profit, people and planet respectively. It refers to the framework of the triple bottom line, firstly introduced by John Elkington (1994), founder of the consulting firm SustainAbility. Basically, it implies that companies constantly evaluate these 3 dimensions of their performance in order to increase their business value. The relationship between these 3Ps, CSR and Corporate Sustainability (CS) is well depicted by Wempe and Kaptein (2002) from Erasmus University (see Figure 1).

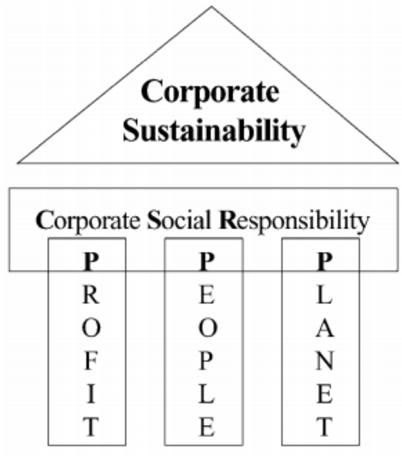

Figure 1. Relationship 3P, CSr and CS

Source: Wempe and Kaptein (2002)

Research on corporate responsibility dates back to the second half of 20th century and an increasing amount of approaches to define the concept of CSR was observed since then. In this work, we present some of the most highly cited and recognized definitions in order to dig deeper into the understanding of this phenomenon (see Table 1).

Table 1. Approaches to defining CSR

Author	**CSR definition**
Friedman, 1970	"CSR is to conduct the business in accordance with *shareholders'* desires, which generally will be to make as much money as possible while conforming to the basic rules of *society*, both those embodied in law and those embodied in ethical custom"

Carroll, 1979 and Hill et al., 2007	"Economic, legal, moral, and philanthropic actions of firms that influence the quality of life of relevant stakeholders"
McWilliams and Siegel, 2001	"Actions that appear to further some social good beyond the firm's interests and that is required by law"
Khoury et al., 1999	"Corporate social responsibility is the overall relationship of the corporation with all of its stakeholders. These include customers, employees, communities, owners/investors, government, suppliers and competitors. Elements of social responsibility include investment in community outreach, employee relations, creation and maintenance of employment, environmental stewardship and financial performance"
Ethical Performance, 2003	"At its best, CSR is defined as the responsibility of a company for the totality of its impact, with a need to embed society's values into its core operations as well as into its treatment of its social and physical environment. Responsibility is accepted as encompassing a spectrum – from the running of a profitable business to the health and safety of staff and the impact on the societies in which a company operates"
Kilcullen and Kooistra, 1999	"CSR is the degree of moral obligation that may be ascribed to corporations beyond simple obedience to the laws of the state"
Lea, 2002	"CSR can be roughly defined as the integration of social and environmental concerns in business operations, including dealings with stakeholders"
Frederick et al., 1992	"Corporate social responsibility can be defined as a principle stating that corporations should be accountable for the effects of any of their actions on their community and environment"

Made by the author based on Joe at al, 2012, Dahlsrud, 2008

There is a common pattern that can be seen in all the definitions – they are united by highlighting the importance of social and environmental context which should be included into company's activities. We also can't but mention that the European Commission (2011) defined CSR as 'the responsibility of enterprises for their impact on society and, therefore, it should be company led'. This definition highlights that company's activities go far beyond generating revenues and implies that businesses should consider long-term relationships between enterprises and society. In this research, we refer to this definition when mentioning CSR. There is a tendency of being more morally responsible not just to build appropriate corporate reputation, but also to create more value, and we can observe how large enterprises shift their governance policies towards serving broader societal interests. Figure 2 below shows how the attitude towards CSR evolved over time in the world of corporate governance.

	Corporate Social Responsibility	Risk Management Tool	Value-Creation Opportunity
Role of Sustainability	Sustainability efforts are de-coupled from strategy and financial metrics and used as a marketing tool.	Sustainability efforts are focused on compliance and opportunity for managing reputational and operational risk in volatile markets.	Sustainability is a core driver of a strategy and innovation in products, ways of doing business and managing stakeholders.
Role of the Board of Directors	Increasing marketing and brand equity.	Managing reputational risk due to globalization. Reducing costs across the value-chain as well as long-term resource dependence. Ensuring regulatory compliance.	Resilience in volatility. Competitive advantage and long-term viability. Impact on solving global problems.

Figure.2 Evolution of the Sustainability frontier

Source: Leblanc (2016)

Recent studies prove this tendency to be right: according to the survey published by The Economist in 2008, over the past 3 years companies 'with the highest share price growth paid more attention to sustainability issues, while those with the worst performance tended to do less'. One can argue that this progress is appearing rather slowly across the world. There are several reasons for that:

1. Evaluation of firm performance through short-term financial metrics rather than long-term value creation in capital markets;
2. Inability to apply one-fits-all approach to CSR implementation due to the diversity and complexity of stakeholder needs and expectations;
3. Limited data on how to measure nonfinancial factors (those that are social and environmental), etc. (Leblanc, 2016).

We cannot but mention the fact that execution within a company should also be appropriate to incorporate CSR goals, meaning that this new vision should be adopted throughout the organization so that it understood by all the employees and other important stakeholders of the company.

We understand now that CSR is a complex and constantly evolving phenomenon. However, its basics may be described with the help of the CSR pyramid introduced by Carroll, 1991 (see Figure 3).

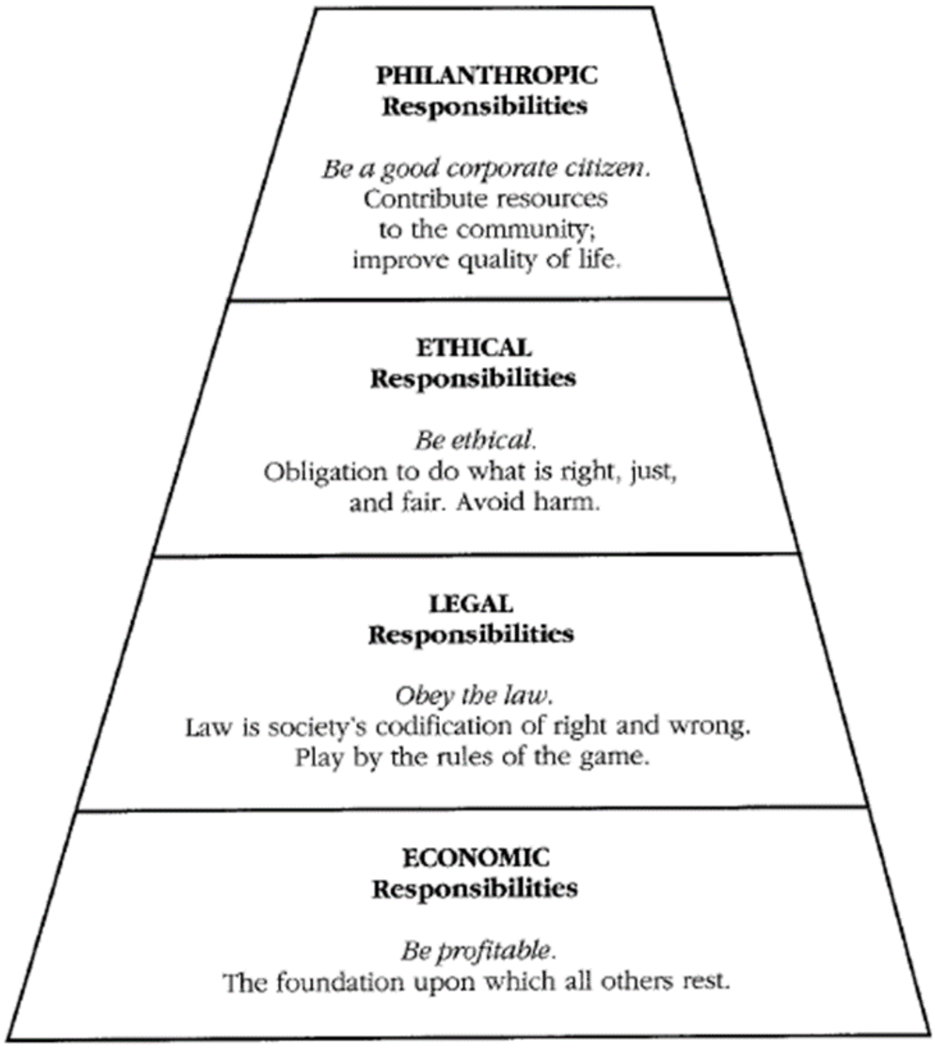

Figure 3. The Pyramid of Corporate Social Responsibility (Carroll, 1991)

This figure portraits four main pillars on which Corporate Social Responsibility is based. The first and common for all the companies component is economic building block, reflecting the essence of every corporate unit. The second, legal one, refers to obeying all the laws imposed by the society which is also obligatory for conducting any kind of business. The third block is about a company being ethical, in other words, doing the right things. It becomes crucial when we speak about CSR, since this also means minimizing any harm to various firm's stakeholders. Finally, philanthropic responsibilities are connected with perceiving a company as a good corporate citizen, helping the community and enhancing people's life. This important distinction between the third and the fourth block is made due to the fact that some organizations may consider themselves as being socially responsible by just contributing to being a good citizen in the community, lacking the real caring about its direct stakeholders. So, philanthropic responsibilities add on to the total CSR activities of the company but are not that fundamental as ethical ones.

Nowadays, if an organization is willing to be perceived as the one that promotes corporate social responsibility, and if to be more precise, activities on CSR reporting, it should have such top management that takes into account interests not only of its shareholders, but also of other stakeholders. What is more, CSR activities together with CSR reporting have an impact on overall enterprise's reputation. For instance, Fombrun and Shanley (1990) found that corporations that had a foundation and that gave more to charity had more positive reputations, due to the fact that such actions are perceived as signs for the company being responsive to social concerns. CSR principles put into the code of ethics were even proved to be positively correlated with the market-to-book value of major Canadian companies (Donker et al., 2008).

Talking about corporate social responsibility, CSR communication is regarded as critical for everything from convincing consumers to reward responsible companies. The way in which organizations communicate with their stakeholders through CSR communication is crucial because this leads to the way how they are consequently perceived by their target audience. There are many approaches to identifying and explaining the phenomenon of CSR communication and we will now specify 4 main of them. First of all, one of the most prominent theoretical lenses through which CSR communication has been explored is a stakeholder theory (Freeman, McVea, 2001). It emphasizes responsibility towards a broader range of organizational components, beyond traditional interests. The theory has primarily developed strategic approaches to viewing CSR communications, highlighting proactive stakeholder involvement in them.

If we speak about management-oriented CSR communication, then we should mention communication theory which is focused on the way in which CSR messages are transmitted by organizations and interpreted by the rest of the audience (March, 2007). This theory is frequently implemented in marketing management when companies search for the ways to uncover the underlying attitudes and values' that explain how consumers perceive and evaluate CSR communication.

Coming to the macro level of CSR analysis, the institutional theory was elaborated, the main implication of which is giving the understanding that the formative power of language by which CSR aspects are transmitted to the audience matters a lot (Lammers, 2011). CSR communication is considered here as aspirational and therefore may instigate organizational reality rather than just describe it.

The last but not least, there is a legitimacy theory which is actually the dominant theoretical approach in examining CSR communication nowadays (Deegan, 2002). It has expanded from basic investigations of whether CSR communication in annual or sustainability reports can be explained as a drive for legitimacy, to explorations of the role of CSR communication in pursuing different legitimacy goals such as gaining, maintaining or repairing legitimacy, which is very important these days (O'Donovan, 2002). Legitimacy has been conceptualized as the idealized end-state of CSR communication across business and society scholarship (Crane, Glozer, 2016).

In this work, we mainly focus on CSR reporting as a communication tool to demonstrate commitment to sustainability issues of the particular company. By doing this, enterprises pursue such goals as enhancing corporate image and relationship with stakeholders, improving recruitment and retention of employees, better internal decision-making process and even improving financial results. In comparison with financial reporting, CSR disclosure is of non-mandatory nature. We now observe increasing amount of CSR disclosure in companies' annual reports. Such tendency is assumed to appear due to the fact that by conducting social and environmental research (and, as a consequence, reporting about it) a company shows that these issues are of high importance to it (Neu et al, 1998).

To sum up, there are different approaches to defining CSR, and its concept can be viewed from different perspectives according to the way how each company declares its responsibilities. For the current study, it is important that CSR disclosure is used by organizations as a tool to communicate with multiple stakeholders.

1.2 CSR engagement and corporate governance

So, it is clear that decisions about CSR strategic actions and developing relationships with all stakeholders are usually made by the board of directors and can influence business sustainability. Jamali,Safieddine, and Rabbath (2008) in their research also prove that board structure of an organization is vital element in decision making process, including CSR disclosure questions. What is more important, is that by disclosing information connected with CSR companies enhance transparency of their activities. It is logical that boards of directors are created with the focus on satisfying shareholders' interests, due to the presence of agency problem which implies that managers are likely to aim at maximizing their compensation and minimizing efforts. However, well-designed system of corporate governance can align managers' and shareholders' incentives. Currently we can observe that more effective organizations tend to defend other stakeholders' needs as corporate governance consists of relationships between each one of them (Guest, 2009). In this research, when using the term 'corporate governance', we refer to the definition given by The Organization for Economic Cooperation and Development (OECD) in its Corporate Governance Principles: «Corporate governance is a set of relationships between a company's management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined» (OECD, 2015).

The relationship between corporate governance (CG) and CSR has been studied in a lot of types of the research and it was shown that success of a business depends on both of these concepts. Jamali et al. (2008) in their work proposed a model presenting the main interfaces of CG and CSR (Figure 4), where CG is a necessary "building block" for CSR. He identified that CG and CSR intersect in three dimensions: board stewardship, strategic leadership and progressive human resource management (HRM). As we can see, CG is more compliance-driven, whilst CSR represents voluntary social performance.

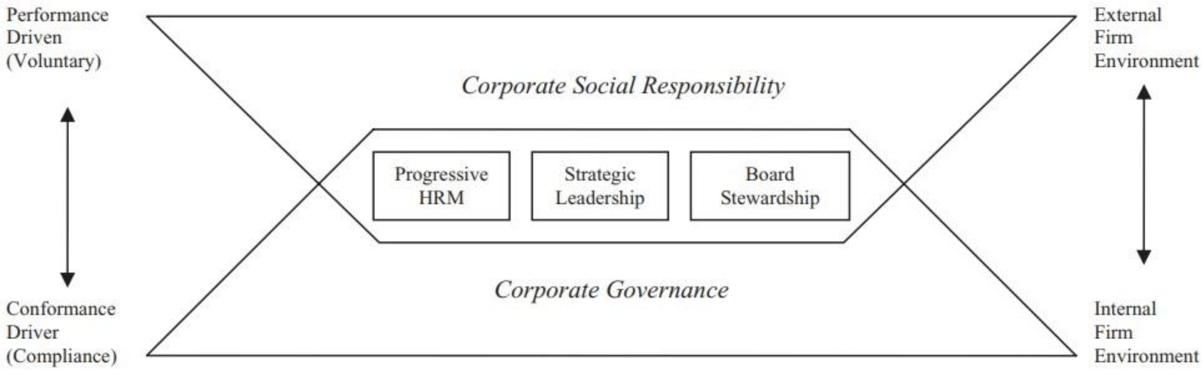

Figure 4. Relationship between CG and CSR (Jamali et al., 2008, p. 456.)

From here can be concluded that a company with lack of long-term leadership prospects, internal control mechanisms and responsibility towards stakeholders is highly unlikely to pursue CSR principles. At the same time, CG can not be effective without CSR implementation due to the fact that to be profitable and create value to the shareholders, an organization has to take into account its stakeholders' interests and needs as well. We can not but mention the fact that relationship of CSR and CG is influenced by other factors within a firm as well as by external factors. Governance devices can also be divided into internal (such as board composition and ownership concentration) and external (such as institutional ownership and monitoring by security analysts) (Jo, Harjoto, 2011). In this particular work, we will focus on internal factors of the board of directors. Another research showed that CSR can be viewed as a conflict-resolution device in the conflict of interests between shareholders and other stakeholders of the company (Jo, Harjoto, 2012).

Coming back to the board of directors, first of all, we are to explain what is meant when we use this term. In this work, the term ‘Board of Directors’ (BoDs) is used and defined as a governance body elected by a corporation's shareholders to represent their interests and ensure that the company's management acts on their behalf. In this research we will talk about its members – their amount and other characteristics which are to be defined later. This entity is obliged to tackle all the questions including the growing tendency to report not only about corporate performance, but also about CSR initiatives. So, in order to state firm’s commitment to the needs of its stakeholders and society, they usually tend to disclose information related to corporate responsibility (Gray et al., 1995). One may ask why that should be a matter of their concern if this is supposed to be responsibility of the top management. In comparison to top managers, boards are often assumed to exercise relatively little independent influence over the firm’s strategic decisions (Westphal and Fredrickson, 2001). However, there is more and more evidence for the need of board of directors being involved in this. For example, it was stated in the report of UN Global Compact (2010) that ‘If CEOs are determined to embed sustainability as a mainstream practice, they will need the engagement of the board’. Moreover, we observe increasing number of studies proving that CSR disclosure is significantly positively associated with good corporate governance: for example, it was confirmed by the research conducted on the sample of 222 Australian companies (Chan et al, 2014). To add on to this, Leblanc (2016) in his work claimed that it is the board that should define and allocate all the major responsibilities between decision-making persons. They also proposed to create a Sustainability Charter where a company’s priority sustainability issues should be underlined, as well as linked with business strategies and integrated with risk management systems. In the Figure 5 below you may see how this is visualized into 3 main steps to successfully implement CSR policies.

Key Success Factors	Focus Areas for the Board	Key Requirements
1 Crafting the Sustainability Vision	Comprehensive Scope	The scope of the board's oversight on sustainability issues is well-defined, comprehensive, encompasses the entire value chain, product life-cycle and company's jurisdictions.
	Stakeholder Engagement	An adequate stakeholder engagement process is conducted that includes identification of key stakeholders, understanding of stakeholder expectations through 2-way dialogue and prioritization of initiatives.
	Materiality and Risk Management	Sustainability risk analysis encompassing strategic, operational, compliance and disclosure is conducted and key risk areas are prioritized.
2 Building a Sustainable Board	Board Skills	Board members have appropriate expertise, understanding of sustainability issues and diversity to provide guidance and oversight.
	Board Processes	Board processes are in place to identify sustainability risks and opportunities, internal control, monitoring and self-evaluation mechanisms are established.
	Timely and Adequate Information	Information flow to the board is relevant, context based, timely, balanced, and comprehensive.
3 Integrating Sustainability into the Organization	Leadership Commitment	Sustainability priorities are integrated into the company's strategies, policies and management systems.
	Deployment and Accountability	Sustainability initiatives are adopted by managers across the corporation and sustainability performance metrics are linked with remuneration policy.
	Transparency and Communication	The company's disclosure policy includes financial, social, environmental, governance perfomance metrics, is evaluated by an independent party and performance against targets is cleanly communicated to all stakeholders.

Figure 5. Sustainability Responsibilities of the Board

Source: Leblanc (2016)

The literature on CG highlights 3 important factors as determinants of a board’s role in driving a strategy forward inside an organization: board mindset, board composition and compensation system (Knudsen, et al, 2012). By board mindset, attitude of boards towards their ultimate goal and role with regard to CSR is meant. Board composition implies the configuration of its members in such way so as to have sufficient skills to examine CSR challenges and address them. Board compensation, in its turn, is a rather important component that reflects measurement of board performance. The structure of such compensation has vital role in this case: the more KPIs connected with CSR are included in it, the better it shows that CSR activities are incorporated into strategic plans and programs of an enterprise. In this particular work, thorough attention will be paid to the board composition as well as how its configuration can influence disclosure of CSR information. This focus was chosen due to the fact that board mindset is related to psychological traits of people, while board remuneration is a tool for measuring performance.

In order to be able to discuss board of directors influencing CSR activities and reporting, a theoretical perspective on interdependency between board diversity, CSR and company's reputation should be taken into account. There are several major organization theories that explain this relationship with regard to which role the board plays in it (see summary in Table 2).

Table 2. Organization theories: how the board and CSR are interconnected

Theory	**Authors**	**Essence**
Resource dependence theory	Hillman and Dalziel, 2003	• The board's function is in providing critical resources to the firm including legitimacy, advice, and counsel • These resources support company in understanding and reporting the environment that can allow them manage CSR questions better
Agency theory	Jensen and Meckling, 1976; Eisenhardt, 1989; Fama and Jensen, 1983	• The board's critical function is in monitoring management on behalf of the shareholders • In order to do that, board needs the appropriate experience and capabilities to evaluate management and assess business strategies with their impact on CSR
Legitimacy theory	Suchman, 1995	• Actions of the company are perceived as appropriate within some

		socially constructed system of norms, values, beliefs, and definitions • Board has to fulfill its social contract by disclosing CSR information
Institutional theory	Brammer, Jackson and Matten, 2012	• CSR is an institution of wider corporate governance • The board responds to the expectations of dominant institutions within business system in which they operate
Stakeholder theory	Ansoff, 1965 Freeman, 1984 Philips, 2003	• Primary business goal is to create value and build relationships with all its equally important stakeholders • The board refers to CSR when willing to stress its responsibility to the society at large and to resolve conflicts between managers and non-investing stakeholders

Source: made by the author based on Bear at al., 2010, Eisenhardt, 1989, Suchman, 1995, Brae et al., 2012, Philips, 2003

From the table can be concluded that according to the resource dependence theory, a company can use its resources to manage challenges and collaborate with external organizations in a more effective way. Agency theory, in its turn, stems from the management perspective of boards' work and reminds of boards being first and foremost acting in the name of shareholders. In relation to CSR, transparency through voluntary information disclosure is proved to cause reduction of agency costs and information asymmetry problems (Agyei-Mensah, 2016). Institutional theory attracts our attention to the main institutions operating in particular business environment that influence firm’s attitude towards CSR and its disclosure. Last 2 theories are similar to one another and are derived from broader concepts of political economy. Legitimacy theory shows that companies need social recognition of their objectives in order to be perceived by third parties as ‘legitimate’, which can be achieved by disclosing CSR information. Stakeholder theory shows the perspective of being accountable to multiple stakeholders of the firm in order to achieve its objectives. To conclude here, we see how different these approaches are and, therefore, we cannot rely on single theory since each one of them does not explain decision-making processes completely.

However, there are plenty of studies proved to be consistent with stakeholder theory (Jo and Harjoto, 2012). With regard to the agency theory, there are many investigations showing that if management of a company tends to overinvest in CSR, it may lead to CEO's overconfidence, which afterwards can cause investing into value-destroying activities (Goel and Thakor, 2008). So on one hand, top management enhances its reputation of being a good social citizen, but on the other hand, it often happens at cost to shareholders. With regard to CSR disclosure, it is considered to be a vital part of corporate governance providing more transparency and reducing information asymmetry which not only clarifies the conflict of interests between shareholders and managers but also makes corporate insiders accountable (Htay et al., 2012).

All in all, by this moment, we understand better why corporate governance, with boards of directors in particular, are interconnected with CSR phenomenon and its disclosure. All the main theories on such relationships are summarized and described, making it easier to choose the perspective to rely on in this particular reseach.

1.3 Board of directors' diversity

Coming to the board diversity itself, it can be defined as 'heterogeneity among board members', and consists of a vast number of dimensions ranging from age to nationality, from religious background to functional background, from task skills to relational skills, and so on (van Knippenberg et al., 2004). This heterogeneity can be observable (when considering age, gender, nationality, etc.) or less visible (educational or functional background, organizational membership, experience, etc.)(Kang et al., 2007). With regard to the corporate governance, diversity is associated with 'board composition and the varied combination of attributes, characteristics and expertise contributed by individual board members in relation to board process and decision making' (Walt and Ingley, 2003). This definition will be hence meant in this work when referring to the term of 'board diversity' since it is shown that it is not just a difference among board members but rather how those variations in individual board members' attributes, perceptions and values contribute towards various board processes and their outcomes.

Having diverse board of directors is not directly considered to be better than having homogeneous board. One of the strongest arguments in favor of diverse groups is having a broader perspective, which results in deepening of conversations and generating more alternatives (Watson et al., 1998). This also allows a team not to make obvious decisions that can be ineffective in the long-term perspective thanks to the variety of perspectives on board. However, there is a basis for diversity not to be considered a valuable characteristic of the group. This is underpinned by number of studies stating that diverse teams are jeopardized by the possibility of group minorities to experience absenteeism (Marimuthu and Kolandaisamy, 2009). In addition, researchers also suggested that negative effects of working in diverse team can also be caused by lack of trust and appreciation of teamwork (van Knippenberg and Schippers, 2007; van Knippenberg and Haslam, 2003). Despite these drawbacks, the majority of investigations indicate that diversity has the potential to outperform homogeneity. What is more, the context also plays a vital role here, since there are empirical findings identifying that 'under high environmental uncertainty, heterogeneous top management teams achieve better performance, whereas less heterogeneous teams will be more successful in stable contexts' (Hambrick et al., 1996; Nielsen, 2010).

Before describing various board characteristics relevant to be measured with relation to the CSR and its disclosure, it is useful to mention which board attributes and their influence on strategy and decision-making processes were previously examined in other works. First of all, it is obvious that not all the independent variables that were included by researchers in their studies appeared to have significant influence on the dependent variable. The ones that were significant in the majority of cases, are the following: presence of women directors on the board – with positive effect on the decision making and CSR (Webb, 2004; Bernardi and Threadgill, 2010; Williams, 2003; Zhang, 2012; Seto´-Pamies, 2013; Nielsen and Huse, 2010), board size – with the positive effect on CSR (Judge and Zeithaml, 1992) and negative effect on strategic decisions (De Villiers et al., 2009) and board experience – with positive impact on strategic changes (Westphal and Fredrickson, 2001; Balta et al., 2010) (Rao and Tilt, 2015).

There are different approaches used to highlight the most important characteristics of the board. Gender is a crucial component of board description and its diversity is one of the most pivotal issues that companies face with. Various studies prove it to have significant impact with regard to company's performance. For instance, Bear et al (2010) in their research supported suggestion that quantity of female board members has a positive relationship with CSR ratings. Women bring increased sensitivity to CSR within a board and introduce participative decision-making, which inevitably influences CSR disclosure. The study further suggested that while contributing to a firm's CSR, women take part in enhancing corporate reputation and hence female representation should shift from tokenism to normality. Another research also showed positive relationship between female board representation and social responsibility (Kruger, 2009). To be more precise, the study revealed that organizations with a higher percentage of female directors tend to be more generous towards communities and pay more attention to the welfare of a firm's natural stakeholders (such as communities, employees or the environment) highlighting that stronger presence of board members with altruistic preferences does indeed translate into more pro-social corporate behavior.

In addition to the gender diversity of the board, the other widely used board characteristic is age diversity. Despite the fact that currently findings of investigations are rather scarce, there is evidence that age diversity among board members tends to influence CSR (Post et al., 2011; Hafsi and Turgut, 2013). As for now, there is no solid ground in favor of one particular age group to be more influential in terms of both firm’s performance and CSR. Nevertheless, when connecting director’s age with corporate social performance, Hafsi and Turgut (2013) argued that older members of the board tend to be sensitive to welfare of the society (due to their increased generational behavior) and younger directors are likely to be more sensitive to environmental and ethical issues (as a matter of logic and principle).

Another prominent characteristic of board is its independence. Independence of board members is directly connected with an agency problem which occurs 'if managers can significantly influence earnings management in order to satisfy their own respective self-interests to the detriment of their shareholders' (Osemene et al, 2018). It is assumed therefore, that people related to top management of the company will tend to vote for decisions profitable for them and not necessarily in behalf of the company. In the existing literature, 2 major arguments were provided in favor of linking board independence to the CSR. First is the argument of outside directors being, in comparison with insiders, more sensitive to the needs of society (Ibrahim and Angelidis, 1995), as well as being more concerned about the ethical aspects of the organization (Ibrahim et al, 2003). Secondly, independent members of the board are more interested in compliance with regulations and responsible behavior by the enterprise (Zahra and Stanton, 1988). Such complying with rules and acting responsibly improves company’s reputation, which, in its turn, positively affects the probability of board members to be elected for the position in other boards (Lorenzo et al, 2009).

As well as the above mentioned board characteristics, another emerging one is professional background of board members and its influence on CSR. The study of Ibrahim et al. (2003) highlighted existing difference in values and perspectives with regard to CSR between government officials and physicians. In addition, research held by Siciliano (1996) provided that there is a direct positive relationship between occupational diversity at a board level and social performance level. The interviews were also held, according to which such connection can be explained by the variety of opinions on board fostering consideration of all aspects in the decision-making process.

Another important board characteristic worth mentioning is presence of foreigners among the board members of the company. As it was mentioned above, board experience may influence strategic decisions of the firm, which consequently means affecting sphere of CSR and its disclosure. When it comes to the foreign directors, it is obvious that their background substantially differs from that of home board members and since they may come from developed countries, their international experience can positively effect CSR since this concept is better implemented there than in emerging countries. This helps foreign directors in setting high ethical standards and norms at the companies where they work, as well as in fostering adoption of new environmental innovations from abroad to domestic countries (Lau et al., 2016). Moreover, presence of outside foreign board members subsequently reinforces the quality of reported CSR disclosures, enhancing the company's societal image and reducing uncertainty (Guthrie and Parker, 1990).

Since we addressed difference between developed and developing countries, one can also look at the question of CSR from the perspective of research by specific geographical regions. In order to be able to compare the results gathered, we were also focused on the studies which investigated CSR phenomenon in countries with emerging economies. This is also relevant due to the number of investigations showing that despite the fact that various emerging countries have adopted western-style rational CG models (which implies separating CEO and chairman, more board independence and other distinctive characteristics), their effectiveness was put under question marks: India (Mukherjee-Reed 2002); South Africa (West 2006); South Korea (Reed 2002); Bangladesh (Siddiqui 2010). As a consequence, relationship between CSR disclosure and corporate governance is also likely to be different.

In Malaysian context, Haniffa and Cooke (2002) examined the influence of culture and CG structure on CSR and found out that companies with family members on board disclose less, as well as those with independent non-executive directors. Furthermore, another research showed significant impact of government influence on the CSR, to be more precise, it revealed that companies 'that are dependent on government or have significant government shareholding are institutionalized by the government's aspirations and vision regarding social and environmental issues' (Amran, 2008).

The research on Bangladesh sample of companies, in its turn, proved high ownership concentration by the managers to lead companies to become less involved in social activities because of their dominance, thereby reporting less on CSR disclosures (Khan et al, 2013). At the same time, it showed that foreigners have positive perspective on CSR. In that research, authors managed to prove overall importance of corporate governance attributes with regards to the extent of CSR disclosure in developing country.

The recent study on Indian companies revealed that with regard to the CSR disclosure, community information increases with government ownership and board independence, whilst environmental information expands with foreign ownership and board independence (Muttakin and Subramaniam, 2015). So, independent board members appeared to have significant influence on CSR disclosure, even though Indian corporate environment is traditional and varies from those of western countries to a large extent. If we speak about multiple directorships (the situation in which board member takes this position in another company), there are studies showing that it usually takes greater place in India: 71.6% of directors holding more than one directorial position (Sarkar, Sarkar, 2009).

Research on Gulf Cooperation Council (GCC) countries, a significant region among emerging economies, has also contributed to the findings on CSR disclosure: the independence of board members, the separation of powers between the CEO and chairman positions, as well as the existence of an independent audit committee, proved to have a positive influence on CSR disclosure.

Unfortunately, the existing research findings are not spread equally around the world. As it was mentioned in the review by Sustainability Accounting, Management and Policy Journal (SAMPJ) of its contributions to corporate social responsibility disclosure research, for the year 2019, though sustainability disclosure research represents one fifth of all the articles published in SAMPJ, more heavily explored areas are the USA, Western Europe, Australia and New Zealand. Still, there is an upcoming trend that has shown an increased number of studies held in Brazil, Indonesia and Poland over the last decade. However, all of the current disclosure studies provide a country-specific analysis, and it is obvious that many more insights could be gained from more comparative investigations.

Geographical aspect is also relevant when speaking about financial centers. In the research aimed at examining the sample of nine emerging economies (including Russia), it was found that proximity to financial centers positively affects the extent of CSR disclosure (Zamir and Saeed, 2018). In other words, centrally-located emerging markets companies are embedded in unique institutional environment, which influences the firms to disclose CSR-related activities. This implies that stakeholders (consumers, employees, and social activists) in financial centers of emerging economics are powerful enough to pressure firms to enhance their CSR disclosure. Such results can also be explained by the fact that financial centers of countries with emerging economies experience increasing competition, leading organizations to undertaking activities which will not only ensure they reflect the societal expectations but also help firms to keep pace with or exceed competitors relative to CSR reporting. These findings go in line with theoretical perspective introduced by Campbell (2004), stating that companies are more likely to engage in socially responsible behavior when they operate in a relatively healthy economic environment, and particularly if there are strong and well-enforced state regulations in place (Campbell, 2004). Zamir and Saeed (2018) also underlined that the study indicates that firms disclose lower information in countries where economic resources are scarce, which adds on to the inequality of CSR disclosure in our society.

Having said that, it is seen now that board diversity is a complex phenomenon and many aspects of board characteristics can refer to it. Moreover, we made a preliminary observation on how different developing and developed countries are in terms of the impact of certain BoDs characteristics on CSR and its disclosure. We will now focus on the CG and CSR peculiarities of countries with emerging economies in more detail.

1.4 Corporate Governance and CSR in emerging markets

As we mentioned differences in the board of directors in emerging countries, it is important to highlight that there is a difference in corporate governance as a whole system from country to country as well. Governance mechanisms depend to a large extent on national business system, as well as on political, social, and legal institutions (along with many other factors). We now observe the greater amount of research dedicated to the investigation of CG in emerging markets, especially over the last 10 years (Crittenden and Crittenden, 2012; Claessens and Yurtoglu, 2013). Emerging economies are 'low-income, rapid-growth countries using economic liberalization as their primary engine of growth' (Hoskisson et al., 2000). As opposed to the developed countries, emerging economies are characterized by concentrated ownership, pyramidal ownership structures, dominance of business groups and high levels of related-party transactions (Armitage et al., 2017). As a result, in this context it is possible to encounter not only with the common principal-agent problem, but also with principal-principal (PP) conflicts, which can be defined as 'goal incongruence among shareholder groups in a firm, particularly between the controlling and minority shareholders' (Dharwadkar et al. 2000; Su et al. 2008; Young et al. 2008). Frequently, one can notice the manifestation of so-called controlling-shareholder expropriation, meaning that controlling shareholders aim at satisfying their self-interests at the expense of corporate performance and interests of minority shareholders (Su et al., 2007; Young, et al., 2008). In emerging economies, many companies may be described as 'threshold firms' that are close to the point of transition from founder to professional management (Daily and Dalton, 1992). This transition is always challenging, more often for the emerging markets due to the weaker institutional environment, and failure in conducting it can worsen PP conflicts.

Developing countries can also be described by such factors as governance role of lending institutions, more family members taking part in management and being shareholders, and organizational governance hierarchies (Armitage et al., 2017). What is more, in large emerging economies such as China, India, and Russia, there is significant engagement of state agencies in running business activities, even when their shares are publicly listed on the stock exchanges (Grosman et al., 2016). The phenomenon of concentrated ownership in countries with emerging economy can be explained by the owners' effort to protect their capital in the presence of weak legal and financial institutions, which, as a consequence, impacts firm's economic efficiency (Zattoni and Valentini, 2013). Moreover, through the investigated literature, we can also observe the difference between so-called 'law in the book' and 'law on the ground': the difference in former implies that formally documented rules in many emerging economies are comparable to those in developed ones, while difference in the latter means that in practice rules are considerably weaker and are characterized by lower quality of implementation (Berglöf and Claessens, 2006; Coffee, 2007). In other words, CG structure in emerging countries more often resembles those of developed economies in form but not in substance (Backman, 1999; Peng, 2004).

The important tendency in corporate governance that we now observe is that performance reporting is no longer restricted to financial disclosures, with more non-financial information being included in annual reports. CG disclosure (CGD) describes relevant CG characteristics which may be helpful for various decision makers in assessing form CG system and its effectiveness. Moreover, it reduces asymmetry of information between stakeholders and helps to resolve PP conflicts. Still, there is lack of research aimed at studying CGD in emerging economies. Othman and Zadhel (2008) in their research, based on the reports of 749 companies from 57 emerging market countries, found that the level of CGD in many developing countries (such as India, Malaysia, Thailand, Turkey, Jordan, Israel,etc.) is comparable to those reported by S&P for developed European markets in Patel et al.(2003) study. So, we cannot state that only industrialized countries report high levels of CGD, although further research is needed.

Speaking about the CSR in developing counties, its significance constantly increases, however, more investigation with the emphasis on emerging markets is needed (Wang et al., 2016). There are some positive changes that already appear, for instance, the majority of countries made CSR reporting mandatory, while India and China moved even forward: India enacted the legislation to make CSR expenditure (of 2% of net profits) mandatory for all listed companies, and China imposed a requirement according to which state-owned listed companies to undertake CSR expenditure as a part of their contract with the state.

We hereinafter observe peculiarities in corporate governance of some particular countries with emerging economies. Moreover, since the scope of this particular research is restricted to the sample of Russian public listed corporations, it is important to pay more attention to the Russian environment as the example of an emerging market from the perspective of CG and CSR disclosure in particular.

Bangladesh

Bangladesh is a developing country in Asia. Its population for the year 2021 reached 166 million people, making it the 8th most populous nation in the world and one of the most densely populated countries with density of population equal to approximately 1.26 thousand people per square kilometer. Therefore, living standards are of a great concern for Bangladesh. The corporate control mechanisms in Bangladesh are mostly insider oriented, including high family ownership concentration (Rashid and Lodh, 2008). That is, the core investors own significant stakes of shares and are generally are the board of directors. The spread of share ownership in public limited companies in Bangladesh is not wide and the economic power of business units is concentrated in dominant shareholder groups. There is evidence of a few shareholders accounting for a significant portion of total share value, together with small ownership concentration by foreign investors, government and institutional investors.

Therefore, there are special laws in Bangladesh that regulate corporate governance and boards of directors' configurations in particular. For instance, according to Corporate Governance Notification, one of the first comprehensive guidelines for the firms listed on the Bangladeshi Stock Exchanges, requires compliance with the board size (consisting of 5-20 members) and position on independent members which should be at least 10% of total directors' number or minimum one (SESB, 2006). However, there are no requirements for companies to publish information on CSR, which has also become an urgent issue in this country because of foreign investors' unwillingness to invest capital in companies that are not socially and ethically responsible (Belal, 2001). Having said that, it can be assumed that the Bangladeshi firms, which adopted the corporate governance best practices, are making CSR disclosure for the purpose of maintaining their organizational legitimacy. Moreover, the study of Khan et al. (2012) also proved that board independence, as well as other internal board characteristics, have positive influence on the level of CSR disclosure in Bangladesh.

China

China is a country in East Asia and the world's most populous country, with a population of more than 1.4 billion. With China's WTO entry in 2001, Chinese firms have entered a new era in which internationalization has become an important strategic consideration on the agenda of many Chinese companies. Moreover, like many other emerging economies, China has adopted corporate governance concepts which were originally designed to solve principal-agent conflicts in developed economies. The study of Chen et al. (2011) found confirmation for emerging economies to have substantial differences from developing ones, using the example of corporate governance 'good practices', well-known and implemented in developed countries (OECD, 2004). These CG practices encompass having active board of directors, separation of chairperson and chief executive officer (CEO), outside directors as a majority of the board, and a two-tier board (using a board of supervisors to monitor a board of directors). A panel of over 1,100 Chinese listed firms between 2001 and 2003 was collected as the sample for their investigation. As a result, it was found that none of the 'good' practices prescribed by the OECD is effective in mitigating the negative consequences of controlling-shareholder expropriation on corporate performance. That implies that simply requiring firms to adopt these practices suitable for developed countries will unlikely lead to better corporate governance. This is partly due to the fact that OECD practices do not aim at resolving PP conflicts, and since this is a significant peculiarity of developing countries, it is hard to overcome these issues.

India

India is the second-most populous country located in South Asia, the seventh-largest country by land area, and the most populous democracy in the world. Most of the previous literature in India either covers small sample with observations limited in numbers or has cross-sectional data, which do not allow controlling for unobserved firm effects. Still, the research of Saini and Singhania (2017), based on the sample of 255 foreign-funded firms in the form of foreign direct investment (FDI) and private equity (PE) for the period of eight years (2008–2015), highlighted the weak relationship between CG and firms' performance due to the low regulations following, especially in the initial period of sample years. Over the last decade, the situation enhanced and more rules were imposed in this field: as for now, there is a continued focus on quality disclosure and Indian top-100 listed companies are now obliged to provide a business responsibility report (ICLG, 2020). In terms of board composition, regulations prescribe the board size being educate for sufficient perspective, the presence of at least one female member for the board diversity, and others. India is now therefore shifting to long-term goals orientation.

Ghana

Ghana is another example of a country with emerging economy located in West Africa. As for now, more and more corporate organizations are being induced to apply good corporate governance to effectively and efficiently compete on the international market. As a Commonwealth country, Ghana is required to implement the Principles for Corporate Governance in the Commonwealth: according to them, it is crucial for the country to shift to long-term goals and increase business sustainability (CACG, 1999). However, the same difficulties and conflicts that we discussed above are observed in Ghana. According to Agyemang and Castellini (2015), in their study's sample of large companies that are listed on the GSE, they are all characterized by the presence of large shareholders, and, as a consequence, they tend to show extensive control over the companies' activities through their involvement in the decision-making processes, proving the PP conflicts' relevance in Ghana. Therefore, though Ghana has sufficient laws and regulations with respect to CG, the major challenge is the absence of active tools for their effective enforcement. Without that, it is difficult for emerging economies to develop strong capital markets, which are currently regarded as important for sustainable economic development for countries (Shleifer and Vishny, 1986; Berglof and Claessens, 2004).

Malaysia

Malaysia is a Southeast Asian country occupying parts of the Malay Peninsula and the island of Borneo. Following the common trend, the country introduced the Malaysian Code on

Corporate Governance (MCCG) (2000) outlining the principles and best practices for corporate governance. The ownership pattern of Malaysian companies can be described as one-man or family run companies (Halim, 2001) and significant government equity holdings (Abdullah, 2006), which, of course, may complicate the effectiveness of CG mechanisms. About 85% of companies in Malaysia have owner-managers, while large shareholders in Malaysia typically own more than 60% of shares (World Bank, 2005). With respect to financial reporting, the study of Hashim and Devi (2008) based on the sample of 280 Malaysian companies revealed that outside board ownership and family ownership play a significant role in constraining quality of reported earnings. At the same time, the substantial shareholdings by outside directors together with the presence of a higher proportion of family members on the corporate board is shown to enhance the reported earnings quality of firms. Hence, we understand that there are certain shared characteristics of Malaysia as an emerging country and that its CG needs further improvement and investigation.

Romania

Romania is a southeastern European country with an emerging economy. Romania takes the 6th place in the ranking with regard to the number of mandatory disclosure requirements against the ISAR Benchmark for CG in UNCTAD's 2010 investigation of 21 frontier markets (UNCTAD, 2010). Still, Gîrbina˘ et al. (2012) states that Romanian managers tend to make mandatory rather than voluntary disclosures, and that the disclosures made are relatively scarce. Moreover, Ienciu (2012) finds that CG characteristics such as board size, structure and independence influence the level of environmental reporting of Romanian listed entities, with board size having the negative effect on it. For sure, more research in this field for gaining comprehensive knowledge is needed.

Russia

Russian Federation is a member of BRICs countries with emerging economies that are considered to likely become a major economic power alongside United States of America by 2050 (Wilson and Purushothaman, 2003). Still, emerging economies are characterized by rather unstable social, economic and political conditions causing lack of norms and values of business standards (Ramamurti and Singh, 2009). Speaking about Russian legislation, it evolved significantly over the last 20 years: The Federal Law on Joint-Stock Companies, which was renewed in 2014, now provides recent insights on corporate governance issues (Federal Law on Joint-Stock Companies, 2014). Best practice provisions for listed companies are also set out in the Corporate Governance Code (CGC), thanks to which companies have guidelines on advanced standards in CG implementation together with practical aspects of relations prevalently in evidence on the Russian market among shareholders, members of boards of directors and other parties (CGC, 2014). The Code, therefore, contributed significantly to the overall progress of CG development in Russia.

Considering significant economic growth predicted, the topic of corporate social responsibility and its reporting are becoming very important. Recently, investigations on corporate governance practices conducted by the Russian Institute of directors (RID), since 2004, contain a special section on the topic of CSR and Sustainable Development (SD) (RID, 2021) . According to the results of these studies, Russian companies showed a noticeable positive trend regarding CSR and SD by the end of 2017. The most significant attention to these spheres is paid by the organizations from energy, oil and gas, chemical and telecommunications industries.

According to the Report on social investment in Russia in 2019, made by the Association of Managers, current situation among Russian companies regarding the CSR is characterized by the presence of the prevailing companies-leaders group which meets all the best world standards on corporate responsibility activities, while the process of integrating CSR principles into the corporate strategy remains relatively low. It is also underlined in this report, that though companies set appropriate strategic goals, they are not properly implemented in reorganization processes, therefore they fix already existing system of relationships between companies and society just in the new terms. What is more, we cannot but mention that vast majority of Russian companies are dedicated to creating business value and serving needs of the society which do not imply actions on behalf of the long-term sustainable development, and all the responsible activities tend to come down to just organizing charity projects.

However, if we look at the situation from the perspective of CSR disclosure, Russia is the country with the CSR reporting level above the average and this indicator is constantly increasing: from 2015 to 2017, there was a 7-percent rise from 66% to 73% (KPMG, 2017). Moreover, according to the British auditing and consulting company EY, 97% of investors today are guided by the ESG index, when making the decision on where to invest. ESG encompasses 30 parameters divided into 3 key directions: 9 parameters for assessing environmental impact, 9 parameters for assessing social impact and 12 parameters for assessing corporate governance. So, as for now, the index can be compared with the assessment of the credit rating, one of the key criteria for investors to base their decision on (Ecology of Russia, 2020). With regard to this index, he RAEX agency compiled its ESG rating of Russian companies. In 2019, the TOP-5 included Lukoil, Tatneft, Gazprom, Norilsk Nickel, Rosseti. The RAEX rating does not take into account companies from the financial sector, telecom and retail: they already have a minimal impact on nature, according to the agency's website.

It is worth mentioning that situation with CSR in Russia is analyzed not only by home researchers, but also by foreign ones. According to the findings of Belal and Lubinin (2004), who examined reports of 20 large Russian companies on CSR reporting, 90% of them made some social and environmental disclosures (18 out of 20). With regard to the volume of disclosures measured by the number of pages written in the report, the authors stated that it was very low except for a few companies, considering the automobile manufacturer GAZ and the oil company LUKOIL to be the leaders with 32 and 11.5 pages of disclosure (20% and 13%) respectively of the total number of pages in the annual reports. The disclosures found in the annual reports were analyzed by using 3 broad categories: employee, ethical and environmental disclosures. Employee related disclosures appeared to be the most frequent ones (90%), followed by environmental (85%) and ethical (55%) disclosures. Of course, it is rather challenging to assess reports in Russia when many of them are not published in English. We cannot but mention that all of the examined disclosures were not a subject of external verification, which might be beneficial as it can add on to the credibility and increase transparency of the corporate social disclosure process (O'Dwyer and Owen, 2005). Such verification is also required by AA1000 and GRI's Sustainability Reporting Guidelines. Both of them have a purpose of facilitating global comparability in the sphere of sustainability reporting. The AA1000 Series of Standards are used by various companies with the aim to demonstrate leadership and performance in accountability, responsibility, and sustainability. These standards include practical and easy-to-use frameworks for:

- Developing, analyzing, and implementing sustainability initiatives (AA1000AP, 2018)
- Creating and conducting inclusive sustainability-related stakeholder engagement practices (AA1000SES, 2015)
- Assuring credibility in reporting on progress toward sustainability goals (AA1000AS v3) (AccountAbility, 2021).

GRI, in its turn, provides organizations with Standards in order to help them with disclosing their impacts in a way that meets the needs of multiple stakeholders (GRI, 2021). They are designed as a modular set, which starts from the universal Standards, followed by topic Standards needed to be selected in accordance with particular company's material topics – economic, social or environmental. Such process allows to ensure that the sustainability report provides an inclusive picture of all the topics, their related impacts, and how they are managed.

If we speak about social investment, it is interesting that 82% of Russian companies use their own criteria on choosing directions of such investment (Report on social investment in Russia, 2019). From the Table 3 below we can conclude that the majority of companies (76%) value the correspondence of social investment with the overall long-term corporate strategy as the most important criterion, which is followed by urgency of specific ecological or social problem

(56%). Innovativeness and correspondence with moral shareholders' preferences are also rather popular factors to influence the choice of social investment, taking 31% and 22% respectively.

Table 3. Criteria for choosing corporate social investment directions

Critetia	**%**
Correspondence of social investment with the overall long-term corporate strategy	76
Urgency of specific ecological or social problem	56
Correspondence with principles and practices of mother company (if there is one)	33
State/municipal authorities request	27
Presence and content of social investment in competing companies	2
High risks for the organization	11
Moral shareholders' principles	22
Moral management principles	9
Innovativeness	31

Source: Report on social investment in Russia, 2019

Coming to the discussion of the Russian BoDs in particular, it is needed to be mentioned that normally, the board of directors is elected by shareholders for a certain period of time (usually for 1 year) and may be re-elected unlimited number of times. The board is usually responsible for approving CG reports of the company and other strategic functions. For instance, the BoD of NLMK, Russian metallurgical company, is in charge of strategic management of the firm, defining major principles and approaches on how to organize risk management system and internal control, as well as other key functions. According to the KPMG Report (2011), the most frequent functions taken by the BoD in Russian companies are the following: strategic planning and organizational development (BoD is engaged in 94% of all the activities in this field), control of large transactions and those with stakeholders (81%), finance policy (76%), internal control and audit (59%), management assessment and remuneration (56%), risk management (44%), SD and CSR (37%), and information disclosure and transparency (32%). Moreover, the BoD in Russia is responsible for defining the strategy regarding the CSR and sustainable development – 53% of all the analyzed companies in the Report on social investment in 2019 prove that to be right.

There is also a tendency among Russian companies to increase number of independent members within a board due to the belief that it enhances effectiveness of management and entire image of the company in front of its shareholders and investors. All in all, approximately 70% of companies have independent members in their BoDs (KPMG, 2011). As for now, for instance, according to its CG annual report, the majority of Board members in NLMK are independent since 2016 (NLMK Annual Report on Corporate Governance, 2018). Some companies set the requirements of having at least 3 independent BoD members in order to increase objectivity in decision-making processes, as it is done in TMK, for example (TMK Annual Report, 2018). Usually, independent board members play the following roles: consolidation of shareholders' and investors' trust to the company (in 79% of companies), professional support and consulting of top management (57%), control of financial reporting credibility (50%), public representation and increasing company's image (47%) (KPMG, 2011).

What is more, it was also found out that foreign board members are usually invited to the Russian BoDs in order to maintain and enhance the company's reputation in Russia and abroad through CSR disclosure (Garanina and Aray, 2021). The majority of foreign board members represent European countries, the UK, and US, known for their deliberate approach towards the implementation of CSR practices (Huafang and Jianguo, 2007). As we already mentioned above, representatives of these countries bring their international knowledge and experience from the advanced economies to Russian companies. Ruzhanskaya (2007) and Liuhto (2017) note that foreign board members exercise mostly monitoring function in Russian listed corporations and act as advisors to companies' owners.

Coming back to the CSR, in order to assess the extent to which it is embedded into the corporate strategy, one may look at how CSR goals correspond with strategic direction of company development. Unfortunately, the majority of Russian companies do not relate CSR objectives to the long-term competitive advantages: only 46.7% of companies which took part in the investigation by Blagov et al (2015), pointed at this goal, while it was 83% in 2008. Moreover, only 41.7% of companies see CSR activity as beneficial both for business and society. Therefore, the path to the perception of CSR as a tool to have competitive advantage on the market and innovative business development is still long to go.

Summary

With the help of literature investigated, we are able to observe specific peculiarities inherent to emerging markets. Most importantly, it is shown that the level of CG development in these countries is not sufficiently high, with the majority of legislation rules being absent or staying on their infant stages. Moreover, CSR and its disclosure are relatively new concepts in emerging markets and are also not well established. This implies that more time is needed for developing countries to have all the requirements on CSR disclosure and its regulation by BoDs settled. At the same time, the vast majority of research in the field of CG and CSR disclosure is based on the investigating developed countries. The highlighted specificity of emerging markets provides us with an opportunity to observe them at a different angle. Giving the recommendations which could be useful in fostering the development in this field from both theoretical and managerial perspectives is therefore an important contribution of this study.

CHAPTER 2. METHODOLOGY OF MEASURING BOD INFLUENCE ON CSR DISCLOSURE

2.1 Theoretical background

Having described all the theories applicable in the sphere of corporate governance and CSR disclosure, we now need to concentrate on some particular ones which are the most appropriate for the scope of our research. Taking into account the fact that BoDs are first and foremost governing body operating on behalf of the corporation's shareholders, and at the same time are the body that is responsible for the firm perception of the society, we will focus on two theories – agency and legitimacy theory. Khan et al. (2013) in their work proposed that future research combining exactly these theories may develop 'a more comprehensive explanation about corporate governance attributes affecting the level of CSR disclosures'. From the perspective of agency theory, reduction of agency costs, as well as problems with information asymmetry, is possible when company enhances transparency in its CSR disclosure, so 'a company with high agency costs will try to reduce them by increasing the extent of voluntary disclosure' (Agyei-Mensah, 2016). From the perspective of legitimacy theory, organizations tend to follow uptodate managerial practices (such as engaging in various programs aimed at helping the society) in order to maintain and develop their credibility. CSR disclosure is one of them, and companies are likely to implement is since all the institutions are more often perceived as 'cultural-cognitive, normative and regulative elements that, together with associated activities and resources, provide stability and meaning to social life' (Scott, 2001; Scott, 1995).

Being consistent with the chosen theories, we still do not state any hypotheses before running the actual analysis due to the fact that the methodology used in this research is not purely quantitative (it will be described below in more detail), so there is no necessity in doing this. At the same time, taking into account the amount of literature examined and aims of this study, we already have some thoughts on what the potential results can be. Since the research question of this work is 'How does the configuration of the BoD influence company's disclosing CSR information?', there is a need to make sure in the existence of such a linkage between the BoD and CSR disclosure on the first place. Therefore, we are coming with the proposition that the configuration of the BoD has significant influence on the company's disclosing CSR information. Effects of particular board characteristics influencing CSR disclosure are not clear and might be specific in our sample, so we are going come up with other propositions for future research after the analysis of the model. Moreover, it is likely that we get more than one board configuration that leads to the higher CSR disclosure level due to the specificity of applied methodology described below.

2.2 Fuzzy set approach: background and basics

There are many investigations where regression model is used with the aim of revealing those boards' characteristics that influence CSR most. There are also researches which studied the mediating effect of CSR in the relationship between board diversity and CSR performance or firm reputation. Ferrero-Ferrero et al. (2015), for example, in the sample of 146 companies, concluded that 'generational diversity enables a more effective design of vision and strategies to address financial and extra-financial aspects, and consequently, it encourages companies to adopt a sustainable approach to their businesses'.

In this particular research, we will use another method of qualitative data analysis. A fuzzy-set Qualitative Comparative Analysis (fsQCA), among other approaches, enables to track complex cause-effect relationships between dependent variable and independent ones, stating that a particular situation is better understood as a certain configuration of characteristics and focusing on how elements of such configuration are related to the outcomes (Fiss, 2011). It is based on the set theory that allows conducting a detailed analysis of the role played by examined factors in achieving declared results. The term 'fuzzy' in this context reflects a set, whose objects can have different degrees of membership in it (Zadeh, 1995). It means that a studied object presents an ambiguous status towards the class in the set.

The rationale to move to this method in the scientific field of research stems from the inability to investigate more than one combination of conditions while implementing multiple regression analysis, for instance, as well as study non-linear relationships between variables. What is more, fsQCA considers diversity and specificity of each case and, simultaneously, reveals factors and patterns common for the whole data array (Woodside, 2013). All this peculiarities and those described below more granularly make case-oriented fuzzy sets a challenge towards conventional statistical and correlational quantitative analysis which is variable-oriented. The difference lies in the very starting point: a variable-oriented approach means studying a small number of variables across a large number of cases to build a generic representation, based on patterns observed across many cases, using correlation among variables, while a case study has a purpose to examine many case's aspects in order to construct a representation of each individual case from the interconnections among the aspects in each one of them (Ragin, 2000).

A major way of organizing the complex webs of cause-effect relationships into coherent accounts is by using typologies, which have recently been very popular in the field of strategic management and organizational literature. When pronouncing 'typologies', we will mean the definition proposed by Doty and Glick (1994: 232): typologies are 'conceptually derived interrelated sets of ideal types' that 'identify multiple ideal types, each of which represents a unique combination of the organizational attributes that are believed to determine the relevant outcome(-s)'. First and foremost, they are helpful due to their multidimensional nature: 'the configurational arguments embedded in typologies acknowledge the complexity and interdependent nature of organizations, in which fit and competitive advantage frequently rest not on a single attribute but instead on the relationships and complementarities between multiple characteristics' (Burton & Obel, 2004; Miller, 1996; Siggelkow, 2002). In other words, the typologies approach moves us beyond the traditional linear or interaction models of causality as it shifts our understanding towards configurational thinking and constructs relationships being non-linear (Doty et al., 1993; Meyer et al., 1993). Therefore, such interconnections provide links between strategy, structure and environment of the organizations. Furthermore, typologies give an opportunity to simplify multiple causal relationships into a few-typed and easy-to-remember profiles (McPhee & Scott Poole, 2001), inviting their use as heuristic tools for similar researchers (Mintzberg, 1979).

Unfortunately, all the characteristics that are mentioned as advantages, might be viewed from a different perspective as drawbacks. In this regard, one of the most important ones is that typologies tend to be based on a logic of consistency—that is, they are usually based on the notion of fit between the different parts that make up the overall ideal type or configuration. Although such holistic approach is helpful in the majority of cases, theorizing is more likely to end when a typology is identified, thus limiting researchers' understanding as to what causal mechanisms are at work and what is driving the effect (McPhee & Scott Poole, 2001; Reynolds, 1971). Some irrelevant elements may be contained in typologies as they are likely to include trade-offs and inconsistencies. Typologies, therefore, might promote cognitive inertia – prevention of researchers from exploring new alternatives and gaining new knowledge. That is the reason why it is crucial to identify critical aspects in typologies.

The idea of the core (essential) and periphery elements (less important and likely to be exchangeable or expendable) in typologies was first introduced by Hannan, Burton, & Baron (1996), who meant that changes in core elements will require adjustments in most other features of an organization. Subsequently, Fiss (2011) defined 'core elements as those causal conditions under which the evidence indicates a strong causal relationship with the outcome of interest, while peripheral elements are those for which the evidence for a causal relationship with the outcome is weaker'. In his research, the author gives a ground reasoning to support the equifinality theory, according to which 'a system can reach the same final state from different initial conditions and by a variety of different paths' (Katz & Kahn, 1978).

Moreover, such distinction between core and periphery elements adds on to the idea of causal asymmetry, meaning that the causes for the presence of some particular outcome can be different from those causing the absence of the outcome. This broadens our understanding about various sets of causal conditions within some outcome: for instance, one set of causes may lead to the average performance, while not its absence, but a completely another set may lead to the very high one. Division of elements of the organization to these 2 groups is also supported by strategy researchers: according to their studies, this distinction is helpful when speaking about tools used by top management to make strategic decisions (e.g., Eden et al., 1992; Gustafson & Reger, 1995; Lyles & Schwenk, 1992; Porac & Rosa, 1996). They state that core concepts are characterized by higher significance and depth than peripheral concepts (Nadkarni & Narayanan, 2007). This differing importance of configurational elements is vital for our better understanding of causality in typologies.

All in all, configurational approach enables to view causal relationships not from the perspective of their correlation analysis, but from the perspective of *sets* of equally effective patterns (Doty et al., 1993; Van de Ven & Drazin, 1985). As we mentioned above, equifinality may differ depending on outcome levels—as one moves across these *levels*, sets of equally effective configurations may be different. In order to study cases as configurations, a set-theoretic approach is needed, and fuzzy-set QCA is one of them. Set-theoretic approaches provide unique opportunity to test configurational and typological theory because such methods 'explicitly conceptualize cases as combinations of attributes and emphasize that it is these very combinations that give cases their unique nature' (Fiss, 2011). In comparison with conventional methods, their distinctive characteristic is that 'they do not disaggregate cases into independent, analytically separate aspects but instead treat configurations as different types of cases' (ibid). Moreover, as opposed to regression analysis or other standard econometric tools, these non-parametric approaches have another important implication – the representativeness of the sample is not quite an issue in this case. This stems from the fact that, for example, fsQCA is not based on the assumption that the data is drawn from a given probability distribution and, therefore, is not sensitive to the outliers.

2.3 FsQCA in Corporate Governance

If referring to this particular research, fuzzy set is an important tool to use when we explore decisions made on a top-management, strategic level. As Miller (1996) correctly noted in his work, when we speak about competition on the market, the most crucial distinctive competence and competitive advantage may lie not in specific organizational resources or skills, since these can usually be imitated or purchased by other players. Rather, the complexity and ambiguity of internal relationships within a company provides it with unique capacities that are barely possible to imitate

(Lippman and Rumelt, 1982). In other words, configuration is likely to be a far more powerful source of competitive advantage than any stand-alone aspect of the strategy. And since strategy consists of the set of activities, configuration itself becomes the essence of the strategy. What is more, configurations may extend beyond the competitiveness and expand to the organizational cultures, structures, systems and so on, leading us to the decisions made by the board of directors with regards to the CSR disclosure.

So, the essence of fsQCA is in finding patterns of causation. In order to reach this goal, 3 steps of analysis are needed to be done.

1. Transformation of dependent and independents elements into sets and subsequent construction of a truth table (data matrix) which lists all the possible combinations of attributes. In order to transform variables into sets, calibration is used.
2. Reduction of truth table rows according to 2 conditions: the minimum number of cases required to consider a particular solution and the minimum consistency level of a solution. By consistency, the degree to which cases correspond to the set-theoretic relationships expressed in a solution is meant.
3. Usage of an algorithm based on Boolean algebra to logically reduce the truth table rows to simplified combinations. One of the algorithms that can be used is introduced by Ragin (2005; 2008) as it is based on a counterfactual analysis of causal conditions and allows to distinguish between core and peripheral causes.

Preliminary stage of fsQCA is its calibration. A crucial role in this process plays a choice of an external criterion used to convert the original values to the degree of their belonging to the set – membership values. Such criterion may be determined based on general knowledge, collective scientific knowledge or researcher's own experienced gained through the study of the problem. It should be formulated in an explicit form and applied systematically and transparently (Ragin, 2008). Moreover, according to the direct method of calibration, in order to calibrate the initial data on the basis of chosen and theoretically grounded anchor values, the researcher should set at least 3 important threshold values for structuring a fuzzy set: full membership, full non-membership and the crossover point—that is, 'the point of maximum ambiguity (i.e., fuzziness) in the assessment of whether a case is more in or out of a set' (ibid). The crossover point, therefore, plays a role of a middle spot between full membership and full non-membership. These thresholds, or 'qualitative anchors' are important for distinction between relevant and irrelevant variation (Pajunen, 2008).

In this research, we examine the influence of BoD configuration on the CSR disclosure. First and foremost, we need to be clear in which thresholds to apply to each of the variables included in the sample. Talking about the boards of the 191 largest Russian corporations, we focus on the 9 following characteristics: board size, age of board members, gender, presence of foreign members, presence of international background, presence of state representatives, independence of the board members, multiple positions (in the BoD of other companies) and managerial positions in other companies. We can't but mention here that fuzzy sets are not limited by using small-sized samples, they are suited quite well to large-N situations (Rihoux, 2006). Before observing calibration methods applied in the studies on the similar topics to this one, we would like to specify how the above listed variables are measured in different researches (see Table 4).

Table 4. Approaches to measuring variables related to the board of directors

Variables	**Researches**	**Methodology**
Board size	Dwekat, Segui-Mas, Tormo-Carbo, Carmona (2020) Thams, Kelley, Glinow (2018)	The overall number of board members at the end of the fiscal year
Age of board members	Xu, Zhang, Chen (2018) Nielsen, Nielsen (2010)	Average age of all the board members
Gender diversity	Dwekat, Segui-Mas, Tormo-Carbo, Carmona (2020) Xu, Zhang, Chen (2018)	Percentage of females on the board
Presence of foreign board members	Thams, Kelley, Glinow (2018)	Average percentage of board foreign representation
Presence of board members with international background	Nielsen, Nielsen (2010)	Binary variable for each executive, where 1 represents presence of international experience
Presence of state representatives among the board members	Hillman (2005)	Number of politicians on board
	Caretta, Farina, Gon, Parisi (2012)	Percentage of politicians on the boards (of cooperative banks)
Board independence	Dwekat, Segui-Mas, Tormo-Carbo, Carmona (2020) Thams, Kelley, Glinow (2018)	Percentage of independent board members

Interlocking directorates (being a member of other companies' boards and/or having managerial experience in other company)	Sarkar, Sarkar (2009)	Percentage of directors taking multiple positions
	Chen, Mei, Hsu (2013)	The total number of board directorships that board members hold at other firms are calculated and divided by board size because the total number of board appointments covaries with board size

Made by the author

The table above broadens our understanding on how to measure target variables that are to be analyzed further. We see that the majority of variables are continuous and not binary, with the majority of them measured in percentages. We would also like to pay specific attention to the interlocking directorates, since this parameter is more qualitative and is about having appropriate experience. This refers to the intellectual capital (IC) of boards, which is defined as its ability to 'extract future economic benefits from the intangivle resources posessed by members of the board', such as their experience, skills, networking resources, etc. (Berezinets et al., 2016). IC is usually divided into human capital (HC) and social capital (SC): the former represents such board characteristics as knowledge and competences (Carpenter and Westphal, 2001), while the latter includes relations and networks of board members (Wincent et al., 2010). One of the key sources of SC is board interlocks (Sont et al., 2021). In its broad sense, interlocking is considered as a situation when a member of the BoD holds multiple directors positions in other firms (Pombo and Gutierrez, 2011). Multiple directorship, therefore, represents one form of interlocking, which can also be seen in the form of company's board member being applied for managerial positions on other firms.

Ideally, the external criteria for calibration mentioned above should be based on previous research findings or be theoretically grounded (Ragin, 2000, 2008). When it occurs that literature lacks such precedence, researchers often tend to use empirical calibration based on case-specific knowledge, using percentile splits (e.g. Fiss, 2011; Ganter & Hecker, 2013). A number of researches applying fuzzy set approach was observed in order to enhance the understanding of common rules used in calibrating the variables, some results of which can be seen in Table 4, where target variables for this particular research are focused on. Normally, breakpoint of 0.95 is used to denote full membership, and 0.05 is used to denote full non-membership. The threshold 0.5 indicates maximum ambiguity regarding membership to the set, in other words, represents the crossover point for a case membership to become 'more in' or 'more out' of a given set. However, Ragin (2008) recommended avoiding the use of a precise 0.5 membership score for causal conditions since it represents the point of indifference. This is the reason why cases with this score are usually removed from the analysis in the studies. All these calibrating values do not represent probabilities but rather transformations of the quantitative scale into degrees of membership within the category (Grau and Lopez, 2018).

What is more, many researchers use a quartile split of their samples, whereby values of variables in the top 75th percentile for a given condition are fully in the set, those in the 50th to 75th percentile are considered to be mostly in, those in the 25th to 50th percentile are mostly out, and those in the bottom 25th percentile are fully out. Some researchers also use six-value fuzzy set approach in order to assign the degrees of membership of variables (Jackson, 2005). These values are 1, 0.9, 0.7, 0.3, 0.1, 0, where 1 represents full membership and 0 – full non-membership. In some studies, these six qualitative categories are defined as 1, 0.8, 0.6, 0.4, 0.2, and 0 (Li, 2019). The differences in this approaches can be seen in Table 5.

Table 5. Approaches to variables calibration

Variables	**Researches**	**Calibration**
Number of board members	Carmona, Fuentes and Ruiz (2016)	20th, 50th and 80th percentiles
Gender of board members	Iannotta, Gatti and Huse (2015)	Women on boards: full non-membership - 10, Crossover point - 20, Full membership - 30
	Carmona, Fuentes and Ruiz (2016)	Women ratio in BoD: 40th, 60th and 90th percentiles
Independence of board members	Fiss (2011) Carmona, Fuentes and Ruiz (2016) Garcia-Castro, Aguilera, Arino (2013)	Ratio of independent members: 20th, 50th and 80th percentiles
	Vilmos and Abhijith (2014)	66 or 0.5 - fully in, 0.15-crossover, 0 fully out

Made by the author

By looking at the table above, one can conclude that in the field of research connected to CG, researchers use very similar methods of calibrating the variables. Number of board members simply refers to the board size, and variable of board members' gender is represented as ratio of women on the board of the company.

However, we can't but pay attention to the independence of board members variable. Prior literature generally acknowledges a director's independence when they do not take any positions in senior management of the company (Dulewicz & Herbert, 2004; Kang, Cheng, & Gray, 2007). By observing findings of conducted researches, it was noticed that board independence frequently means that the board includes outsider directors, the chairperson is an independent director, and the roles of chairperson and CEO are not exercised by the same individual. In this work, when speaking about independency of board members, we mean that they do not take managerial positions of the organization together with being a board director. As we may derive from the table above, usually calibration of independency variables is held by using cut-off points of 20th, 50th and 80th percentiles to allocate data into 4 main categories, namely full membership, more in than out, more out than in, and fully out.

In order to have full understanding of the variables which are to be used in this research, we hereafter explain how the CSR disclosure is measured. To begin with, in 2015, Sustainable Development Goals (SDGs), also called Global Goals, were adopted by countries all over the world, which are considered as a call to action to end up poverty, protect the planet and ensure prosperity of life for all the people (UN SDGs, 2021). All of 17 SDGs refer to 4 pillars of CSR, namely: environmental (such as climate actions, clean water and sanitation), workplace (such as gender equality, partnerships for the goals), community (peace, justice and string institutions, sustainable cities and communities) and philanthropic (reduced inequalities, no poverty and zero hunger). Of course, some goals may intersect between these 4 pillars, however, this classification facilitates assessment of organizations' activities in CSR.

There is another classification of CSR basics used by various companies, according to which, 4 main CSR pillars are environment, workplace, community and marketplace. The first pillar, environment, includes a wide range of activities that can be done be companies, from recycling and using low-emission and high-mileage vehicles whenever possible to adopting packaging and containers that are environmentally friendly. The second pillar, workplace, implies activities aiming at fair and equitable treatment of employees, as well as corresponding to workplace safety protocols and achieving equal opportunity employment and labor standards. Community, being the third CSR pillar, means that a company should also be a good corporate citizen and contribute to its community by variety of actions from financial support to personal involvement. And finally, marketplace pillar stays for companies being in frames of ethical business conduct while conducting any activity, adopting fair treatment policies towards suppliers and vendors, contractors and other stakeholders. In the next Chapter we explain the CSR index used for the analysis in this particular study.

To sum up, we now have better understanding of prerequisites for using fuzzy set Qualitative Comparative Analysis, its main features and steps for analysis which are afterwards conducted on data sample in Chapter 3.

CHAPTER 3. DATA ANALYSIS AND INTERPRETATION OF THE RESULTS

3.1 Data collection and sample forming

In order to conduct this research, data on 2018 year was gathered. A sample of 191 public Russian companies regularly listed on the Moscow Stock Exchange was collected. For the purpose of getting information on CSR disclosure (overall and by 4 above mentioned categories), annual reports of all the sample companies were observed. Quarterly reports by the end of year were collected in order to get the information on the board of directors and at the same time ensure the consistency of information. All the data on corporate governance and CSR disclosure were obtained from SKRIN and SPARK databases, as well as companies' official websites when information from those databases was missing.

The data covers a variety of sectors: food and agriculture (4), business service industries (10), electric utilities (56), manufacturing industries (56), mining and oil industries (17), real estate operator and insurance agent industries (5), retail trade (12), telecommunications (12), transportation and storage industries (9), and other industries (10). We did not include financial institutions in our sample.

First of all, all the board characteristics refer to the independent, explaining variables, while data on CSR disclosure is used as dependent variables, or outcomes, in this research. In the Table 7 below you may see independent variables according to which the data was collected and their measurement.

BoD's size shows the number of board members in each of 191 companies for the year 2018. In our sample, its number varies from 5 to 15 members (see descriptive statistics in Table 8). BoD's age is the average variable computed by summarizing all the full ages of each board member, divided by their number in particular company – quarterly reports in SKRIN allow to see the year of birth of each director. When the data on BoD' gender was collected, we focused on the presence and ratio of female board members, therefore, this characteristic is measured in the percentage of women on board. Foreigners on board is again an absolute number of foreigners on the board of a company. When collecting data on BoD's international background, we mainly focused on those who work or worked in international companies. First of all, there was almost no information available on the education of board members, and secondly, in Chapter 1 we mentioned the significance of directors' professional background with respect to CSR disclosure. Therefore, only working abroad experience was counted when deciding on how many board members actually have international background. State representatives on board refer to the absolute number of board directors who at the same time take politics positions – such as work in various ministries or in government. When collecting data on BoD's independence, we checked each board member on the presence of any managerial position in the same company – so only in case a person was board member and did not work with other duties at the same company (whether they are of a management kind or not), he or she could be considered as independent. Multiple positions on board represents the binary variable showing the presence of at least 1 board director who is also a member of other companies' BoDs, or the absence of such characteristic. Similarly, BoD's managerial experience is also measured as binary variable and refers to the presence of at least 1 board member who takes managerial positions in other companies, such as, for example, being a manager or the CEO of other company.

Table 6. Measurements of independent variables

Independent variable	Label	Operational definition
BoD's size	BONUM	The total number of BoD members
BoD's age	BOAGE	The average age of all directors on board
BoD's gender	BOGEN	The percentage of female board members
Foreigners on board	BOFOR	The total number of foreign board members
BoD's international background	BOBAC	The total number of board members with experience of working abroad
State representatives on board	BOSTATE	The total number of board members engaged in politics activity
BoD's independence	BOIND	The total number of independent board members
Multiple positions on board	BOMUL	The presence of at least 1 board member who takes positions in BoDs of other companies
BoD's managerial experience	BOMAN	The presence of at least 1 board member who takes managerial positions in other companies

Made by the author

The majority of variables are measured as absolute numbers referring to the quantity of board members with certain characteristics (such as having international background or being a politician). Only board age (BOAGE) is an average number of all BoD members since we need one number for the whole group and age of each person matters. Since the literature on previous investigations shows (see Table 4) that both absolute and percentage numbers are appropriate in case of measuring BoD characeristics, there is 1 variable measured in percentages – BoD's gender (BOGEN). Moreover, 2 variables, namely Multiple positions on board (BOMUL) and BoD's managerial experience (BOMAN) are binary since for the purpose of this research, involvement in any activity outside the particular company refers to having interlocking directorships and, therefore, even 1 member having such experience already contributes to the social capital of the board.

Coming to the outcome variables used in this research, they are comprised by the CSR index. This index includes 22 items on disclosure in total, divided into 4 categories which are the following: environment (4), community involvement (8), workplace (5), and marketplace (5). This CSR framework was developed in BMB stock exchange – all public listed companies (PLCs) are obliged to comply with it in terms of all 4 CSR categories, therefore, it makes this approach reliable. It was first implemented in connection to CSR by Anas et al. (2015) and implies appointing scores from 0 to 3 to each item in all of 4 studied groups, based on the degree of information specificity. It was afterwards used by Garanina and Arai (2021) in their research where CSR index was viewed in relation to the BoD's foreign membership characteristics. The score of 1 is appointed when the company discloses some item in the form of general information, 2 – in terms of specific non-quantitate information, and 3 – when the item is disclosed in the form of quantitative/monetary information. The score of 0 means that some particular item is not disclosed by the company at all. Details on components of each category are not described here as only configurations matter when applying fsQCA approach, but can be found in Appendix 1. The overall index for every company in the sample represents a sum of scores for each CSR group out of 4 and varies from 0–66.

Table 7 represents all the variables used in the analysis, where CSR disclosure is viewed as an index consisting of 4 above mentioned variables: environment, workplace, community involvement, marketplace.

Table 7. Measurements of dependent variables

Dependent variable	Label	Operational definition
CSR full	CSR	Cumulative number of all the CSR disclosure degrees on all 4 categories
CSR environment	CSREN	The cumulative degree of disclosure on environment category of CSR
CSR community involvement	CSRCO	The cumulative degree of disclosure on community involvement category of CSR

CSR workplace	CSRWO	The cumulative degree of disclosure on workplace category of CSR
CSR marketplace	CSRMA	The cumulative degree of disclosure on marketplace category of CSR

Made by the author

3.2 Data analysis

In order to conduct the investigation, fsQCA software was used, named on behalf of the methodology described in Chapter 2 respectively. Before digging deeper to the analysis of the data per se, we ran descriptive statistics option, the output of which can be seen in Table 8 below. From this table we can observe the range of values for each variable taken into the analysis, as well as average meanings with standard deviation: for example, we see that in our sample, board size encompasses from 5 to 15 members, while age varies from 35 to 70 years, with 49 years as its average. We can also notice that average percentage of female directors is almost 16%, which means that they are not present in the majority of companies, and since their maximum ratio is 78.6%, there are no organizations with only women on board. Binary variables, BOMUL and BOMAN, indicate that it is more common for board directors to have interlocking connections, since their means are 0.54 and 0.77 respectively. These measures of means and standard deviations are afterwards used in the calibration of raw data into fuzzy sets, which is the first step of fuzzy set analysis.

Table 8. Descriptive statistics

Variable	Mean	Std. Dev.	Minimum	Maximum	N Cases	Missing
BONUM	8.497382	2.30382	5	15	191	0
BOAGE	48.66806	6.43114	35	69.9	191	0
BOGEN	0.149335	0.1570334	0	0.78571	191	0
BOFOR	0.6439791	1.493074	0	9	191	0
BOBAC	1.481675	2.290072	0	11	191	0
BOSTATE	0.7382199	1.593362	0	10	191	0
BOIND	6.036649	2.858572	0	15	191	0
BOMUL	0.5420419	0.3734676	0	1	191	0
BOMAN	0.7698953	0.2388497	0	1	191	0
CSR	21.19372	15.84279	0	56	191	0
CSREN	3.198953	3.187377	0	9	191	0
CSRCO	6.827225	6.854241	0	24	191	0
CSRWO	5.151832	3.943712	0	15	191	0
SCRMA	6.015707	3.360498	0	15	191	0

The first step of analysis implies transforming dependent and independent variables into the fuzzy sets. In order to do that, usually 3 common ways of calibration are used (Ragin et al., 2016):

- four-value fuzzy sets (0, .33, .67, 1);
- six-value fuzzy sets (0, .2, .4, .6, .8, 1);

- and continuous fuzzy sets (any value ≥ 0 and ≤ 1).

In this work, we calibrated data according to 3 thresholds so that to get *continuous fuzzy sets*. The default proposition of the program is to use 0.95, 05 and 0.05 as defining boarders, however, it is also possible to set mean and standard deviation parameters as thresholds. We decided to rely on the latter, due to the fact that it takes into account the range of meanings that each variable takes and, as a consequence, better reflects its essence. In case if standard deviation was too much for being a lower threshold, we set 0 for that one in order no to have negative thresholds which is not applicable in this software. After calibrating, all the variables (which are *sets* from now on) got the ending 'cal' not to confuse them with preliminary data: for example, BONUM turned into BONUMcal – this particular label we will see in the next steps of analysis. The BOSTATE variable will be BOSTAcal. It changed a little bit more substantially because of the fact that fsQCA software sets the maximum number of letters in the labels of calibrated variables to 8. Original upper and lower thresholds, together with crossover points, can be seen in Table 9.

Table 9. Values used for calibration into set membership scores

Set	Upper threshold	Crossover point	Lower threshold
BONUMcal	Original: 10.8 Alternative: 12	Original: 8.5 Alternative: 8.5	Original: 6.2 Alternative: 6
BOAGEcal	Original: 55.1 Alternative: 54	Original: 48.7 Alternative: 50	Original: 42.3 Alternative: 40
BOGENcal	Original: 0.3 Alternative: 0.4	Original: 0.15 Alternative: 0.15	Original: 0 Alternative: 0
BOFORcal	Original: 2.29 Alternative: 2.4	Original: 0.64 Alternative: 0.5	Original: 0 Alternative: 0.1
BOBACcal	Original: 3.8 Alternative: 3.5	Original: 1.5 Alternative: 1.4	Original: 0 Alternative: 0
BOSTAcal	Original: 2.3 Alternative: 2.2	Original: 0.07 Alternative: 0.6	Original: 0 Alternative: 0.1
BOINDcal	Original: 8.9 Alternative: 9	Original: 6 Alternative: 6	Original: 3.1 Alternative: 3
BOMULcal	Original: 0.9 Alternative: 1	Original: 0.5 Alternative: 0.5	Original: 0.1 Alternative: 0.05
BOMANcal	Original: 1 Alternative: 0.9	Original: 0.8 Alternative: 0.8	Original: 0.6 Alternative: 0.7

CSRcal	Original: 37 Alternative: 38	Original: 21.2 Alternative: 20	Original: 5.4 Alternative: 5
CSRENcal	Original: 6.4 Alternative: 6.5	Original: 3.2 Alternative: 3.2	Original: 0.1 Alternative: 0
CSRCOcal	Original: 12.6 Alternative: 13	Original: 6.8 Alternative: 6	Original: 0.05 Alternative: 0
CSRWOcal	Original: 9 Alternative: 8.8	Original: 5.1 Alternative: 5.3	Original: 1.2 Alternative: 1.1
CSRMAcal	Original: 9.4 Alternative: 9.2	Original: 6 Alternative: 5.8	Original: 2.6 Alternative: 2.7

The next step of analysis is building the truth table. When it is done, truth table rows should be reduced according to 2 conditions: the minimum number of cases required to consider a particular solution (2, in our case) and the minimum consistency level of a solution which is set as 0.8. Afterwards, truth table rows are reduced to simplified combinations which will be configurations of BoDs in our case. For the purpose of getting more comprehensive understanding, all 5 sets of CSR disclosure (full index and 4 categories out of which it consists) were put as dependent, one by one, to see whether outcome differs if we look at CSR components separately.

It is also worth mentioning that there is an opportunity to set stricter assumptions on presence or absence of the sets. We have applied *presence OR absence* option to the majority of the sets due to the fact that after investigating literature on the topic we saw that outcomes may differ from study to study and depending on the country as well, so it is hardly possible to claim that some set can definitely have impact only when being absent or present. Still, previous research enables us to claim that having female, foreign and independent directors on board should positively influence the level of CSR disclosure. That is why we set *Present* condition to the sets of BOGENcal, BOFORcal and BOINDcal respectively. to We consider all the sets referring to board characteristics as equally meaningful, so the model with full CSR disclosure index looks as following:

$$CSRcal = f\begin{pmatrix} BONUMcal, BOAGEcal, BOGENcal, BOFORcal, BOBACcal, BOSTAcal, \\ BOINDCAL, BOMIlcal, BOMANcal \end{pmatrix}$$

After conducting all the above mentioned steps, we get the following results. Parsimonious solution or, in other words, necessary condition for the model to be solid, revealed that there are 3 core conditions, at least one of which should be present in each board configuration to lead to the desirable outcome of the CSR disclosure (see Appendix 2 for detailed output in the software). The first solution combines BoD's size with Multiple positions on board. This highlights that it is crucial for BoD's to have the greater number of members with together with their experience of being a board member of other companies. The second solution is similar to the first one, combining BoD's size with Managerial experience on board. This outcome confirms the idea that managerial experience and multiple positions on boards are the features of interlocking directorships, as we mentioned in Chapter 2. The third solution shows the combination of BoD's size and BoD's independence presence with BoD's gender absence. It means that for better level of CSR disclosure, it is crucial not only to have more board members together with more independent directors, but also not to have a large proportion of women on board, which is rather interesting conclusion. As we mentioned in Chapter 1, the greater number of studies showed that women positively impact CSR disclosure level, however, they are conducted using the samples of developed countries (Webb, 2004; Bernardi and Threadgill, 2010). Since the regulation on CSR disclosure in emerging markets is not mature and stable, women as board directors may not feel safe to speak up and propose CSR initiatives, though female directors tend to be more responsible than male (Huse and Solberg, 2016). These 3 conditions cannot be left out of any solution to the truth table, and at least 1 of them will always be present when we get to the intermediate solution.

Intermediate solution, in its turn, includes selected simplifying assumptions to reduce complexity, but does not include assumptions that might be inconsistent with theoretical and/or empirical knowledge. In other words, it shows the most valid combinations for the model, both technically and theoretically (see Table 11). The combinations contained in these 2 solution terms (parsimonious and intermediate) may differ more or less from each other, but they are always equal in terms of logical truth and never contain contradictory information. However, given a diligent use of simplifying assumptions, it is recommended to rely on the intermediate solution as the main point of reference for interpreting QCA results (Ragin, 2008). In the Table 10 below you may see the final results of the model analysis.

Table 10. Outcome of fsQCA analysis of BoD's characteristincs influencing the full CSR index

Structural characteristics and contingency factors	**Models of structural configurations**									
	1	2	3	4	5	6	7	8	9	10
BoD’s size	●	●	●	●	●	●	●	●	●	●
BoD’s age	⊗	⊗	⊗	•	⊗	•	•	•	⊗	
BoD’s gender	•				●		•	⨂		
Foreigners on board				•					•	•
BoD’s international background	⊗		⊗	•	⊗	⊗	⊗	⊗		•
State representatives on board	•	⊗			⊗	•	⊗	⊗		
BoD’s independence		•	•	•	●	•		●	•	•
Multiple positions on board	●	●	●	●		●	●	⨂	●	●
BoD’s managerial experience		●	●		●	●	●	⨂	●	●
Consistency	0.953	0.775	0.828	0.895	0.806	0.881	0.875	0.801	0.814	0.830
Raw coverage	0.129	0.193	0.168	0.226	0.130	0.096	0.094	0.086	0.110	0.193
Unique coverage	0.045	0.019	0.011	0.054	0.015	0.013	0.019	0.023	0	0.006
Overall solution coverage:	**0.51**									
Overall solution consistency:	**0.83**									

Note: '●' – presence of core condition, '⨂' – lack of core condition, '•' – presence of peripheral condition, '⊗' – lack of peripheral condition

All in all, we got 10 "causal recipes"—combinations of conditions that are generalizations of the patterns that exist in the data set and were minimized in their complexity via counterfactual analysis. They are the combinations of conditions that comprise alternative sufficient paths to the same outcome – CSR disclosure. Raw coverage reflects the extent to which each recipe can explain the outcome. The numbers in this column are usually not high due to the fact that not one or two of combinations explain the CSR disclosure index – each one separately is able to explain only few cases in which the outcome occurred. The causal recipes' unique coverage represents the proportion of cases that can be explained exclusively by each recipe. Finally, consistency scores of causal recipes are combined so that we have one total score. Consistency of our model is 0.83, which is above 0.75 and indicates that the degree to which cases correspond to the set-theoretic relationships between board characteristics and CSR disclosure expressed in a solution is rather high and solid. Solution coverage shows the proportion of membership in the outcome that can be explained by membership in the causal recipes. It is okay for this score to be 0.51 (meaning that substantial number of cases where the outcome is present are not a member of any recipe and can thus not be explained by the model) since as it was mentioned in Chapter 1, companies differ in the way of decision-making – in some of them, decisions on disclosing information can, for instance, be made by the CEO to a larger extent.

Coming back to the gained combinations, the first pattern is a combination with the level of consistency equal to 0.953 and consists of BoD’s size and Multiple positions on board as core conditions, whereas peripheral conditions include presence of BoD’s gender and State representatives on board, together with the lack of BoD’s age and BoD’s international background.

The second combination has consistency of 0.775 and consists of BoD’s size, Multiple positions on board and BoD’s managerial experience as core combinations, in line with presence of BoD’s independence and lack of BoD’s age and State representatives on board.

The third combination has consistency level of 0.828 and consists of the same core conditions as the previous one, while the peripheral conditions show BoD’s age and BoD’s international background absence and presence of BoD’s independence.

The 4th combination has 0.895 level of consistency and includes 2 core conditions – BoD’s size and Multiple positions on board. Speaking about peripheral conditions, this combination consists of only present sets of BoD’s age, gender, international background and independence.

The 5th combination has consistency of 0.806 and includes presence of BoD’s size, gender, independence and BoD’s managerial experience. In its turn, peripheral conditions represent lack of BoD’s age, international background and State representatives on board.

The consistency of 6th combination is 0.881, and it consists of BoD’s size, Multiple positions on board and BoD’s managerial experience present as core conditions, in line with BoD’s age, independence and State representatives on board being present as peripheral ones and with the lack of BoD’s international background.

The 7th combination with the consistency level of 0.875 incudes same core conditions as the 6th combination, while the peripheral represent BoD’s age and gender presence with BoD’s international background and State representatives on board absence.

The 8th combination has consistency level equal to 0.801 and encompasses conditions from all 3 above mentioned core solutions, namely BoD’s size and independence presence, together with the lack of BoD’s gender, Multiple positions on board and BoD’s managerial experience. At the same time, peripheral conditions are the presence of BoD’s age and absence of BoD’s international background and State representatives on board.

The consistency level of the 9th combination equals 0.814. It consists of BoD’s size, Multiple positions on board and BoD’s managerial experience present as core conditions, while Foreigners on board and BoD’s independence are present as peripheral, together with the lack of BoD’s age.

Finally, the 10th combination has consistency level of 0.830 and includes the presence of the same core conditions as in the previous combination, together with Foreigners on board, BoD’s international background and BoD’s independence being present as peripheral conditions.

All in all, we found a strong confirmation for our proposition made in Chapter 2 that boards configurations actually have significant impact on the level of CSR disclosure. Moreover, it can be concluded that the same desirable outcome can be achieved by various means of board characteristics allocation. Furthermore, we can see that all the board configurations which appeared to be consistent and leading to the outcome – CSR disclosure – contain the sets of BoD’s size and either Multiple positions on board or BoD’s managerial experience (or having them both together). It reveals that for having higher CSR disclosure scores, directors should have managerial experience or experience in being board member in other organization and not necessarily both of them, which perfectly coincides with our proposition about interlocking directorships.

In order to check the credibility of results gained, we also changed the outcome from full CSR to each of 4 categories to see how the results will differ. Interestingly, when the CSRENcal (CSR environment) was set as the outcome, we also got 10 combinations with the same 3 core conditions and similar solution coverage and consistency – 0.506 and 0.804 respectively (see Appendix 3). By replacing the independent set CSRENcal to CSRCOcal (CSR community involvement), we got slightly smaller amount of the appropriate combinations – 9. However, consistency of this solution appeared to be a little bit higher – 0,842 (see Appendix 4). CSRWOcal (CSR workplace), being in the role of the outcome set, also showed the number of board configurations equal to 10, with the solution consistency being 0.824. Interestingly, though intermediate solution is similar to that of full CSR index, parsimonious solution showed output with differing core conditions (see Appendix 5). The first requires only having State representatives on board. The second condition is a combination of 2 factors - BoD's age and BoD's independence, meaning that elder and more independent board members will lead us to the desirable outcome of higher CSR workplace index. The third condition is similar to all the observed above and is a combination of BoD's size and BoD's managerial experience together with Foreigners on board absence. This designates that successful combinations leading to the desirable outcome should have bigger boards with theirs members having managerial experience and at the same time not being foreigners. Lastly, CSRMAcal (CSR marketplace) in the role of the outcome set, also showed 9 combinations with better consistency score being equal to 0.856. It has only 2 core conditions, first is a combination of BoD's size and Multiple positions on board presence, and the second is the combination of BoD's size and BoD's managerial experience presence.

To check the robustness of the results, we did not only change the outcome sets, but also followed Skaaning (2011) and tested our solutions for sensitivity by addressing the issue of calibration thresholds. In order to that, we change the original thresholds to the alternative ones both for the outcome variable and causal factors. Alternative thresholds can be seen in the Table 9, their values were set near the original ones, so that the same justification could be applied for the initial and new anchors. The comparison of the necessary conditions analysis for the original and alternative threshold values can be seen in the Table 11 below. This analysis showed high consistency, in other words, most of the causal factors, especially those obtaining high values of consistency, were the same (see the software outputs in Appendix 7). Therefore, we can conclude that the results obtained are viable and solid.

Table 11. Analysis of necessary conditions for original and alternative threshold values

	Original thresholds		*Alternative thresholds*	
	Consistency	*Coverage*	*Consistency*	*Coverage*
Presence: Multiple positions on board	**0.77**	**0.62**	**0.77**	**0.64**
Presence: BoD's size	**0.74**	**0.72**	**0.70**	**0.74**
Absence: Foreigners on board	**0.73**	**0.44**	**0.74**	**0.44**
Presence: BoD's independence	**0.73**	**0.65**	**0.73**	**0.67**
Absence: BoD's gender	0.67	0.54	0.70	0.56
Absence: State representatives on board	0.66	0.42	0.66	0.43

Absence: BoD's international background	0.60	0.42	0.60	0.43
Presence: BoD’s managerial experience	0.60	0.52	0.50	0.50
Presence: BoD's age	0.58	0.58	0.58	0.61
Absence: BoD's age	0.57	0.48	0.57	0.49
Absence: BoD’s managerial experience	0.54	0.53	0.48	0.51
Presence: BoD's international background	0.49	0.66	0.50	0.67
Presence: BoD's gender	0.47	0.49	0.46	0.52
Presence: State representatives on board	0.45	0.72	0.42	0.72
Absence: BoD's independence	0.44	0.41	0.45	0.43
Absence: BoD's size	0.42	0.36	0.48	0.40
Absence: Multiple positions on board	0.37	0.39	0.38	0.41
Presence: Foreigners on board	0.36	0.69	0.31	0.68

3.3 Discussion of the results

Theoretic contribution

The results gained when writing this thesis contribute to the research on corporate governance and corporate social responsibility, especially for the emerging markets. We observed the existing literature and summarized all the major theories on relationship between corporate governance and CSR disclosure, so it is helpful for further research to compare them and choose the perspective appropriate to particular studies. In this research, we focus on contingency and agency theory when assessing the boards' influence on CSR disclosure. Via the fuzzy set QCA analysis we managed to establish the fact of BoDs influencing the process of companies disclosing information on CSR by using Russian large corporations as a sample basis. The fsQCA per se showed its relevance in revealing non-linear patterns of combined causations and allowed the research not to be limited by having opportunity of tracking only particular independent variables which influence the outcome separately. The work confirms that this method is worth implementing in this field of research.

Moreover, this study contributes to the research in the field of the emerging economies which lacks investigations on this topic. We prove that BoD's characteristics do have influence on CSR disclosure level and its high score can be achieved via various combinations, not just one.

This, in its turn, supports the equifinality theory, according to which ‘a system can reach the same final state from different initial conditions and by a variety of different paths’ (Katz & Kahn, 1978). Moreover, using fsQCA approach allows to see the synergetic effect of sets combination. This implies that even when there is lack of some conditions in the combination, presence of others compensates their absence and still leads us to the desirable outcome. At the same time, even if conditions are present, the presence of others strengthens their contribution and allows gaining higher CSR disclosure level. In our case, this happens with the lack of women directors, which is compensated by board size and presence of independent board members, which, as a consequence, leads us to the desirable outcome of higher level of CSR disclosure. Building on this, we see that in case of emerging markets, more time should past in order to legitimize women's positioning at the board of directors and provide them with free demonstration of their points of view on CSR disclosure.

From the perspective of chosen theories, companies are likely to increase and maintain their credibility and legitimacy when enhancing their boards' configurations, as well as reduce their agency costs. Basing on the results gained, we can contribute to the theory by developing propositions for future empirical testing. We present several propositions that are to be tested in subsequent research on similar topics.

Proposition 1. Interlocking directorship experience, together with large board size, have positive impact on CSR disclosure level in emerging markets.

Proposition 2. Having larger board with more independent members in it have positive impact on CSR disclosure level in emerging markets.

Proposition 3. Presence of politicians on board has positive impact on the disclosure of information on CSR workplace index, in other words, it positively influences disclosures on the working environment of companies in emerging markets.

These propositions should be considered first and foremost when investigating the interconnections between BoDs and CSR disclosure.

Managerial implications

Thanks to this analysis, we are able to see which board characteristics tend to be essential and should be present in the models when investigating BoDs influence on CSR disclosure. In this case, it is the combination of the *board size* and *interlocking directorship* (presented either as multiple positions on boards of other companies or managerial experience in other companies) which matters a lot for CSR disclosure being higher. This is why it is highly recommended for organizations situated in countries with emerging economies to increase their boards' size and include more members with vast experience of contributing to other organizations. It would be also better for companies to increase board size together with the number of independent directors on board, while female directors are better not only to be present, but also to be engaged and commended when participating in board meetings. Also, if a company is concentrated on increasing the level of CSR disclosure only in reporting more information about the workplace environment, it is recommended to pay attention to the presence of politicians on board in this case. This can be explained by the fact that state representatives have experience in working at authorities and are better aware of the advantages of being transparent when it comes to the working environment. However, this should be done in line with increasing board size and number of directors with broad experience in order to gain better CSR disclosure scores.

Limitations

The majority of limitations relate to the dataset applied in this research. First, the results gathered are based on the sample of Russian large companies, so though the outcomes are valid, they need to be checked in the context of other countries with emerging economies. Moreover, in order to conduct proper analysis of the model, some companies were excluded from the sample due to absence of data on some of their characteristics, which left us with only 191 companies in our sample, therefore, using larger sample would be even more interesting to analyze and reliable to build future research on it. Methodological triangulation is also required here since even though we tested our model and all the parameters are valid, the method itself should be studied and checked.

Future research

More multidimensional approach would be useful to explore the generalization of our findings and for being able to compare results between countries and outline their similarities and differences. Further research on corporate governance influencing other aspects of CSR, not only its disclosure, would also be helpful. Though the methodology used in this research is new and not broadly used yet, especially in the field of discovering patterns of BoDs influencing CSR disclosure, it appears to have significant advantages in the results that it gives, so fuzzy set QCA is worth implying in subsequent studies, given that it facilitates working not only with quantitative, but also with qualitative data. Further research on the sample of emerging economies is also needed, in order to have fuller perspective on board characteristics influencing CSR disclosure. For instance, this particular study showed that presence of women on board is not necessary when companies strive to achieve higher disclosure level. Considering the fact that vast literature confirms the contrary and our preliminary assumption of this board characteristic actually having positive influence on the outcome, further investigation would be helpful with the aim of checking this condition's necessity. What is more, other board characteristics may be also taken into account since 9 variables used in this research are not exhaustive and their amount can be extended.

CONCLUSION

This thesis contributes to the studies of corporate governance in relation to corporate social responsibility, revealing the boards of directors' role in making decisions on disclosing CSR information. The research highlights approaches to defining CSR and its aspects, as well as to defining the boards' characteristics that are relevant to be examined with respect to information disclosure, to be more precise, such as board size, gender, independence, presence of foreigners on board and others. The work provides explanation of the roots that unite corporate governance and social responsibility, as well as summary of the prevalent theories in this field. It is also shown how corporate governance is set, held and differs from country to country, especially when this is the matter of emerging economies.

Based on the literature investigated, the author concentrates on two theories – agency theory and legitimacy theory – and comes up with a proposition before analyzing the sample itself. Dipper review of the fuzzy set methodology is afterwards provided, including the prerequisites of such method's emergence, its peculiarities, as well as its background in scientific field, focusing on the research in corporate governance. There is also description of the main steps of fsQCA analysis: data calibration, truth table generation, counterfactual analysis, interpretation and reporting of the results. The literature supporting the approaches on board characteristics' measurement and data calibration is also provided, which therefore confirms relevance of including particular variables as characteristics of BoDs in the data analysis.

In order to check the non-linear relationships between BoDs characteristics and the CSR disclosure level, the sample in the empirical part of this study is based on large publicly listed Russian companies, hence the results and implications may be taken into account by the researchers of other developing countries, not only the Russian ones. The analysis is held according to the algorithm described in Chapter 2 in detail, and the results show appropriate consistency level, so the model is valid and reliable. In total, there are 10 configurations of BoDs that lead to the same desirable outcome of higher CSR disclosure. Consequently, we reach the goal of this research and reveal the BoD configurations that have the strongest influence on the CSR disclosure level. According to the outcome, several recommendations for the theory, management and future research are elaborated.

All in all, via the research conducted we may derive that countries with emerging markets substantially differ from developed countries not only from the perspective of legislation in corporate governance and CSR disclosure, but also basing on the empirical data testing. It can be concluded that further investigations are needed in order to acknowledge the results gained in this study, as well as to broaden the research on non-linear relationship between board characteristics and their influence on CSR disclosure level.

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APPENDICES

Appendix 1. Comparison of CSR index structure

Comparison of CSR index structure.

Category	CSR index from Anas et al. (2015)	Nuanced CSR index constructed for Russia
Environment		
Efficiently using the energy	X	X
How to reduce the way its emissions damage the climate	X	X
The issue of biofuels	X	X
The essential needs to protect flora and fauna	X	X
Total for Environment:	**4 items**	**4 items**
Community		
Contributions to children	X	
Contribution to children from communities (kindergartens, schools, events for kids under 18)		X
Contribution to employee's children		X
Contribution to disabled children		X
Contribution to youth development	X	X
Contribution to underprivileged	X	X
Supporting employee involvement in community	X	X
Supporting education	X	X
Contribution to infrastructure development		X
Total for Communities:	**5 items**	**8 items**
Workplace		
Health and safety	X	X
Human rights issues	X	X
Gender issues–equal employment opportunity	X	X
Quality of work environment	X	X
Supporting retired employees		X
Total for Workplace:	**4 items**	**5 items**
Marketplace		
Supporting green products	X	X
Ethical procurement practices	X	X
Helping to develop supplies and other vendors	X	X
Corporate Governance standards (CG):	X	
CG standards and practices obligatory part		X
CG standards and practices voluntary part		X
Total for Marketplace:	**4 items**	**5 items**
Overall CSR index:	**17 items**	**22 items**

Source: Garanina, Aray (2021)

Appendix 2. Parsimonious and intermediate solutions for the

model with CSRcal as outcome

```
BONUMcal*~BOAGEcal*~BOGENcal*BOBACcal*~BOSTAcal*BOINDcal*BOMULcal*BOMANcal              0.117049    0           0.823955
solution coverage: 0.467626
solution consistency: 0.829788


*********************
*TRUTH TABLE ANALYSIS*
*********************

File:  E:/MT/Fuzzy/Program/Merged_205080.csv
Model: CSSRcal = f(BONUMcal, BOAGEcal, BOGENcal, BOFORcal, BOBACcal, BOSTAcal, BOINDcal, BOMULcal, BOMANcal)
Algorithm: Quine-McCluskey

--- PARSIMONIOUS SOLUTION ---
frequency cutoff: 2
consistency cutoff: 0.813212
                                raw       unique
                              coverage   coverage   consistency
                              ---------- ---------- ----------
BONUMcal*BOMULcal             0.612424   0.074683   0.813069
BONUMcal*BOMANcal             0.469567   0.0224962  0.786384
BONUMcal*~BOGENcal*BOINDcal   0.478703   0.0316319  0.791691
solution coverage: 0.692931
solution consistency: 0.779047


*********************
*TRUTH TABLE ANALYSIS*
*********************

File:  E:/MT/Fuzzy/Program/Merged_205080.csv
Model: CSSRcal = f(BONUMcal, BOAGEcal, BOGENcal, BOFORcal, BOBACcal, BOSTAcal, BOINDcal, BOMULcal, BOMANcal)
Algorithm: Quine-McCluskey

--- INTERMEDIATE SOLUTION ---
frequency cutoff: 2
consistency cutoff: 0.813212
Assumptions:
BOGENcal (present)
BOFORcal (present)
BOINDcal (present)
                                                                             raw       unique
                                                                           coverage   coverage   consistency
                                                                           ---------- ---------- ----------
BONUMcal*~BOAGEcal*BOGENcal*~BOBACcal*BOSTAcal*BOMULcal                    0.129497   0.0452208  0.952941
BONUMcal*~BOAGEcal*~BOSTAcal*BOINDcal*BOMULcal*BOMANcal                    0.193331   0.0187279  0.774828
BONUMcal*~BOAGEcal*~BOBACcal*BOINDcal*BOMULcal*BOMANcal                    0.168208   0.011191   0.827528
BONUMcal*BOAGEcal*BOFORcal*BOBACcal*BOINDcal*BOMULcal                      0.225991   0.0542421  0.895476
BONUMcal*~BOAGEcal*BOGENcal*~BOBACcal*~BOSTAcal*BOINDcal*BOMANcal          0.129839   0.0151878  0.806383
BONUMcal*BOAGEcal*~BOBACcal*BOSTAcal*BOINDcal*BOMULcal*~BOMANcal           0.0962659  0.0133607  0.880877
BONUMcal*BOAGEcal*BOGENcal*~BOBACcal*~BOSTAcal*BOMULcal*BOMANcal           0.0940962  0.0186136  0.874735
BONUMcal*BOAGEcal*~BOGENcal*~BOBACcal*~BOSTAcal*BOINDcal*~BOMULcal*~BOMANcal 0.0862167  0.0228389  0.801486
BONUMcal*~BOAGEcal*BOFORcal*BOINDcal*BOMULcal*BOMANcal                     0.109627   0          0.814249
BONUMcal*BOFORcal*BOBACcal*BOINDcal*BOMULcal*BOMANcal                      0.192532   0.00593811 0.830133
solution coverage: 0.50885
solution consistency: 0.82733
```

***Note*:** Asterisk represents the logical ‘and’ condition, symbol ‘～’ indicates the absence or negation of the condition

Appendix 3. Parsimonious and intermediate solutions for the model with CSRENcal as outcome

```
**********************
*TRUTH TABLE ANALYSIS*
**********************

File:  E:/MT/Fuzzy/Program/data_BEST.csv
Model: CSRENcal = f(BONUMcal, BOAGEcal, BOGENcal, BOFORcal, BOBACcal, BOSTAcal, BOINDcal, BOMULcal, BOMANcal)
Algorithm: Quine-McCluskey

--- PARSIMONIOUS SOLUTION ---
frequency cutoff: 2
consistency cutoff: 0.809865
                                  raw       unique
                                coverage   coverage   consistency
                               ---------- ---------- ----------
BONUMcal*BOMULcal               0.601426   0.0640709  0.779867
BONUMcal*BOMANcal               0.471063   0.0194084  0.770511
BONUMcal*~BOGENcal*BOINDcal     0.496902   0.039986   0.802644
solution coverage: 0.69005
solution consistency: 0.757735


**********************
*TRUTH TABLE ANALYSIS*
**********************

File:  E:/MT/Fuzzy/Program/data_BEST.csv
Model: CSRENcal = f(BONUMcal, BOAGEcal, BOGENcal, BOFORcal, BOBACcal, BOSTAcal, BOINDcal, BOMULcal, BOMANcal)
Algorithm: Quine-McCluskey

--- INTERMEDIATE SOLUTION ---
frequency cutoff: 2
consistency cutoff: 0.809865
Assumptions:
BOGENcal (present)
BOFORcal (present)
BOINDcal (present)
                                                                                   raw       unique
                                                                                 coverage   coverage   consistency
                                                                                ---------- ---------- ----------
BONUMcal*~BOAGEcal*BOGENcal*~BOBACcal*BOSTAcal*BOMULcal                          0.123582   0.038349   0.888235
BONUMcal*~BOAGEcal*~BOSTAcal*BOINDcal*BOMULcal*BOMANcal                          0.196539   0.0191746  0.769336
BONUMcal*~BOAGEcal*~BOBACcal*BOINDcal*BOMULcal*BOMANcal                          0.167544   0.0109902  0.805056
BONUMcal*BOAGEcal*BOFORcal*BOBACcal*BOINDcal*BOMULcal                            0.233135   0.054016   0.902263
BONUMcal*~BOAGEcal*BOGENcal*~BOBACcal*~BOSTAcal*BOINDcal*BOMANcal                0.127674   0.0127441  0.774468
BONUMcal*BOAGEcal*~BOBACcal*BOSTAcal*BOINDcal*BOMULcal*~BOMANcal                 0.097042   0.0134456  0.867293
BONUMcal*BOAGEcal*BOGENcal*~BOBACcal*~BOSTAcal*BOMULcal*BOMANcal                 0.0978604  0.0191745  0.888535
BONUMcal*BOAGEcal*~BOGENcal*~BOBACcal*~BOSTAcal*BOINDcal*~BOMULcal*~BOMANcal     0.0889746  0.0244359  0.807855
BONUMcal*~BOAGEcal*BOFORcal*BOINDcal*BOMULcal*BOMANcal                           0.115866   0          0.840543
BONUMcal*BOFORcal*BOBACcal*BOINDcal*BOMULcal*BOMANcal                            0.200748   0.00607967 0.845397
solution coverage: 0.506255
solution consistency: 0.803937
```

Appendix 4. Parsimonious and intermediate solutions for the model with CSRCOcal as outcome

```
*********************
*TRUTH TABLE ANALYSIS*
*********************

File:  E:/MT/Fuzzy/Program/data_BEST.csv
Model: CSRCOcal = f(BONUMcal, BOAGEcal, BOGENcal, BOFORcal, BOBACcal, BOSTAcal, BOINDcal, BOMULcal, BOMANcal)
Algorithm: Quine-McCluskey

--- PARSIMONIOUS SOLUTION ---
frequency cutoff: 2
consistency cutoff: 0.805281
                                raw       unique
                              coverage   coverage   consistency
                             ---------- ---------- ----------
BONUMcal*~BOINDcal*BOMULcal     0.231723   0.0740354   0.793965
BONUMcal*~BOGENcal*BOMULcal     0.451744   0.28386     0.812969
BONUMcal*~BOMULcal*BOMANcal     0.151778   0.000579298 0.733482
BOINDcal*~BOMULcal*BOMANcal     0.186769   0.0426372   0.634396
solution coverage: 0.614645
solution consistency: 0.743101


*********************
*TRUTH TABLE ANALYSIS*
*********************

File:  E:/MT/Fuzzy/Program/data_BEST.csv
Model: CSRCOcal = f(BONUMcal, BOAGEcal, BOGENcal, BOFORcal, BOBACcal, BOSTAcal, BOINDcal, BOMULcal, BOMANcal)
Algorithm: Quine-McCluskey

--- INTERMEDIATE SOLUTION ---
frequency cutoff: 2
consistency cutoff: 0.805281
Assumptions:
BOGENcal (present)
BOFORcal (present)
BOINDcal (present)
                                                                             raw       unique
                                                                           coverage   coverage   consistency
                                                                          ---------- ---------- ----------
BONUMcal*~BOAGEcal*BOGENcal*~BOBACcal*BOSTAcal*~BOINDcal*BOMULcal             0.108215   0.0421734   0.983158
BONUMcal*~BOAGEcal*~BOGENcal*~BOSTAcal*BOINDcal*BOMULcal*BOMANcal             0.165218   0.0172633   0.815323
BONUMcal*~BOAGEcal*~BOGENcal*~BOBACcal*BOINDcal*BOMULcal*BOMANcal             0.136021   0.0112384   0.845821
BONUMcal*BOAGEcal*~BOGENcal*BOFORcal*BOBACcal*BOINDcal*BOMULcal               0.206813   0.0433321   0.88279
BONUMcal*~BOAGEcal*BOGENcal*~BOBACcal*~BOSTAcal*BOINDcal*~BOMULcal*BOMANcal   0.0865485  0.022477    0.808442
BONUMcal*BOAGEcal*~BOGENcal*~BOBACcal*BOSTAcal*BOINDcal*BOMULcal*~BOMANcal    0.0965126  0.0184219   0.912377
BONUMcal*BOAGEcal*BOGENcal*~BOBACcal*~BOSTAcal*~BOINDcal*BOMULcal*BOMANcal    0.0801762  0.0187695   0.933873
BONUMcal*~BOAGEcal*~BOGENcal*BOFORcal*BOINDcal*BOMULcal*BOMANcal              0.108678   0           0.880751
BONUMcal*~BOGENcal*BOFORcal*BOBACcal*BOINDcal*BOMULcal*BOMANcal               0.183177   0.00266477  0.849544
solution coverage: 0.438188
solution consistency: 0.842316
```

Appendix 5. Parsimonious and intermediate solutions for the model with CSRWOcal as outcome

```
*********************
*TRUTH TABLE ANALYSIS*
*********************

File:  E:/MT/Fuzzy/Program/data_BEST.csv
Model: CSRWOcal = f(BONUMcal, BOAGEcal, BOGENcal, BOFORcal, BOBACcal, BOSTAcal, BOINDcal, BOMULcal, BOMANcal)
Algorithm: Quine-McCluskey

--- PARSIMONIOUS SOLUTION ---
frequency cutoff: 2
consistency cutoff: 0.809731
                                raw       unique
                              coverage    coverage   consistency
                             ----------  ----------  ----------
BOSTAcal                     0.412348    0.12915     0.750415
BOAGEcal*BOINDcal            0.412348    0.162045    0.764066
BONUMcal*~BOFORcal*BOMANcal  0.292713    0.09666     0.776585
solution coverage: 0.713462
solution consistency: 0.743565


*********************
*TRUTH TABLE ANALYSIS*
*********************

File:  E:/MT/Fuzzy/Program/data_BEST.csv
Model: CSRWOcal = f(BONUMcal, BOAGEcal, BOGENcal, BOFORcal, BOBACcal, BOSTAcal, BOINDcal, BOMULcal, BOMANcal)
Algorithm: Quine-McCluskey

--- INTERMEDIATE SOLUTION ---
frequency cutoff: 2
consistency cutoff: 0.809731
Assumptions:
BOGENcal (present)
BOFORcal (present)
BOINDcal (present)
                                                                                  raw       unique
                                                                                coverage    coverage   consistency
                                                                               ----------  ----------  ----------
BONUMcal*BOAGEcal*~BOBACcal*BOSTAcal*~BOMULcal*~BOMANcal                       0.0876519   0.00890687  0.778077
BONUMcal*BOAGEcal*~BOBACcal*BOINDcal*~BOMULcal*~BOMANcal                       0.102328    0.0171053   0.790461
BONUMcal*BOAGEcal*~BOBACcal*BOSTAcal*BOINDcal*~BOMANcal                        0.0975709   0.00809714  0.779935
BONUMcal*~BOAGEcal*BOGENcal*~BOBACcal*BOSTAcal*BOMULcal                        0.113158    0.0388663   0.939496
BONUMcal*BOAGEcal*BOFORcal*BOBACcal*BOINDcal*BOMULcal                          0.196559    0.104656    0.878734
BONUMcal*~BOAGEcal*~BOFORcal*~BOSTAcal*BOINDcal*BOMULcal*BOMANcal              0.140081    0.0173078   0.768889
BONUMcal*~BOAGEcal*~BOFORcal*~BOBACcal*BOINDcal*BOMULcal*BOMANcal              0.142409    0.00991899  0.800342
BONUMcal*BOFORcal*BOBACcal*BOSTAcal*BOINDcal*BOMULcal*BOMANcal                 0.091903    0.00769231  0.836866
BONUMcal*~BOAGEcal*BOGENcal*~BOFORcal*~BOBACcal*~BOSTAcal*BOINDcal*BOMANcal    0.114879    0.0125506   0.814204
BONUMcal*BOAGEcal*BOGENcal*~BOFORcal*~BOBACcal*~BOSTAcal*BOMULcal*BOMANcal     0.0766195   0.0152834   0.853438
solution coverage: 0.454555
solution consistency: 0.823735
```

Appendix 6. Parsimonious and intermediate solutions for the model with CSRMAcal as outcome

```
*********************
*TRUTH TABLE ANALYSIS*
*********************

File:  E:/MT/Fuzzy/Program/data_BEST.csv
Model: CSRMAcal = f(BONUMcal, BOAGEcal, BOGENcal, BOFORcal, BOBACcal, BOSTAcal, BOINDcal, BOMULcal, BOMANcal)
Algorithm: Quine-McCluskey

--- PARSIMONIOUS SOLUTION ---
frequency cutoff: 2
consistency cutoff: 0.823318
                         raw       unique
                       coverage    coverage   consistency
                      ----------  ----------  ----------
BONUMcal*BOMULcal      0.61991     0.197539    0.840206
BONUMcal*BOMANcal      0.473602    0.0512303   0.809715
solution coverage: 0.671141
solution consistency: 0.826445


*********************
*TRUTH TABLE ANALYSIS*
*********************

File:  E:/MT/Fuzzy/Program/data_BEST.csv
Model: CSRMAcal = f(BONUMcal, BOAGEcal, BOGENcal, BOFORcal, BOBACcal, BOSTAcal, BOINDcal, BOMULcal, BOMANcal)
Algorithm: Quine-McCluskey

--- INTERMEDIATE SOLUTION ---
frequency cutoff: 2
consistency cutoff: 0.823318
Assumptions:
BOGENcal (present)
BOFORcal (present)
BOINDcal (present)
                                                                     raw       unique
                                                                   coverage    coverage   consistency
                                                                  ----------  ----------  ----------
BONUMcal*~BOAGEcal*BOGENcal*~BOBACcal*BOSTAcal*BOMULcal            0.12047     0.0414987   0.905042
BONUMcal*~BOAGEcal*~BOSTAcal*BOINDcal*BOMULcal*BOMANcal            0.20604     0.0187919   0.84302
BONUMcal*~BOAGEcal*~BOBACcal*BOINDcal*BOMULcal*BOMANcal            0.166107    0.00760618  0.834269
BONUMcal*BOAGEcal*BOFORcal*BOBACcal*BOINDcal*BOMULcal              0.22349     0.0534674   0.904073
BONUMcal*~BOAGEcal*BOGENcal*~BOBACcal*~BOSTAcal*BOINDcal*BOMANcal  0.126175    0.0217001   0.8
BONUMcal*BOAGEcal*~BOBACcal*BOSTAcal*BOINDcal*BOMULcal*~BOMANcal   0.0993289   0.0191275   0.9279
BONUMcal*BOAGEcal*BOGENcal*~BOBACcal*~BOSTAcal*BOMULcal*BOMANcal   0.0920582   0.0177852   0.873673
BONUMcal*~BOAGEcal*BOFORcal*BOINDcal*BOMULcal*BOMANcal             0.120134    0           0.910942
BONUMcal*BOFORcal*BOBACcal*BOINDcal*BOMULcal*BOMANcal              0.197092    0.00581652  0.867553
solution coverage: 0.488143
solution consistency: 0.855686
```

Appendix 7. Analysis of necessary conditions for original and alternative threshold values

Necessary conditions analysis for original threshold values

```
Analysis of Necessary Conditions

Outcome variable: CSSRcal

Conditions tested:
             Consistency    Coverage
BONUMcal     0.736325       0.724249
~BONUMcal    0.420578       0.361185
BOAGEcal     0.577253       0.582307
~BOAGEcal    0.565376       0.475190
BOGENcal     0.466027       0.491627
~BOGENcal    0.665068       0.539310
BOFORcal     0.360055       0.688729
~BOFORcal    0.725706       0.437613
BOBACcal     0.490921       0.663221
~BOBACcal    0.603860       0.419084
BOSTAcal     0.445129       0.717996
~BOSTAcal    0.663013       0.424695
BOINDcal     0.730159       0.653583
~BOINDcal    0.440562       0.414082
BOMULcal     0.767729       0.623250
~BOMULcal    0.370903       0.390713
BOMANcal     0.603631       0.518541
~BOMANcal    0.533859       0.524927
```

Necessary conditions analysis for alternative threshold values

```
Analysis of Necessary Conditions

Outcome variable: CSRchk

Conditions tested:
```

	Consistency	Coverage
BONUMchk	0.707572	0.746476
~BONUMchk	0.475167	0.403003
BOAGEchk	0.582628	0.606468
~BOAGEchk	0.573497	0.491740
BOGENchk	0.456458	0.523165
~BOGENchk	0.701447	0.559166
BOFORchk	0.313029	0.675559
~BOFORchk	0.737750	0.443470
BOBACchk	0.495768	0.667766
~BOBACchk	0.598664	0.432398
BOSTAchk	0.422606	0.719023
~BOSTAchk	0.663586	0.431124
BOINDchk	0.730178	0.670793
~BOINDchk	0.451114	0.434424
BOMULchk	0.772271	0.635772
~BOMULchk	0.375056	0.411133
BOMANchk	0.591648	0.496171
~BOMANchk	0.477617	0.511082